S. HRG. 100-246

# NATIONAL AND INTERNATIONAL SECURITY THREAT OF NARCOTICS TRAFFICKING

## HEARING

BEFORE THE

CAUCUS ON
INTERNATIONAL NARCOTICS CONTROL

OF THE

## UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

THE THREAT POSED BY INTERNATIONAL NARCOTICS NETWORKS AS AN INCREASING DANGER TO THE NATIONAL SECURITY OF THE UNITED STATES AND ITS ALLIES

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JUNE 8, 1987

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**New York, New York**

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SENATE CAUCUS ON INTERNATIONAL NARCOTICS CONTROL

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# CONTENTS

## OPENING STATEMENTS


| | Page |
|---|---|
| D'Amato, Hon. Alfonse, a U.S. Senator from the State of New York | 1 |
| DeConcini, Hon. Dennis, a U.S. Senator from the State of Arizona | 3 |
| Biden, Hon. Joseph R., a U.S. Senator from the State of Delaware | 4 |
| Gilman, Hon. Benjamin A., a U.S. Representative from the State of New York | 5 |


## CHRONOLOGICAL LIST OF WITNESSES


| | |
|---|---|
| Koch, Hon. Edward I., Mayor, City of New York | 8 |
| Burns, Hon. Arnold, Deputy Attorney General, U.S. Department of Justice | 11 |
| Ward, Benjamin, Police Commissioner, City of New York | 18 |
| Giuliani, Hon. Rudolph, U.S. Attorney, Southern District of New York | 28 |
| Falcone, Hon. Giovanni, Magistrate, Palermo, Italy | 30 |
| Martin, Richard, Assistant U.S. Attorney | 41 |
| Sheer, Thomas L., Assistant FBI Director, New York Office | 42 |
| Storey, Francis, Chief, FBI Organized Crime and Narcotics Section | 43 |
| Stutman, Robert M., DEA Special Agent in Charge, New York Field Division | 47 |
| Agent A | 54 |
| Agent B | 56 |
| Agent C | 58 |
| Von Raab, Hon. William, Commissioner, U.S. Customs Service | 75 |
| Wrobleski, Hon. Ann, Assistant Secretary of State, International Narcotics Matters, Department of State | 83 |

# NATIONAL AND INTERNATIONAL SECURITY THREAT OF NARCOTICS TRAFFICKING

MONDAY, JUNE 8, 1987

U.S. SENATE,
CAUCUS ON INTERNATIONAL NARCOTICS CONTROL,
*New York, NY.*

The Caucus met at 10:00 a.m., pursuant to notice, at One Federal Plaza, Hon. Alfonse D'Amato (Co-Chairman of the Caucus) presiding.

Also present: Senator Dennis DeConcini, member of the Caucus; and Representative Benjamin Gilman, Co-Chairman, House Select Committee on Narcotics Abuse and Control.

## OPENING STATEMENT OF HON. ALFONSE D'AMATO, A U.S. SENATOR FROM THE STATE OF NEW YORK

Senator D'AMATO. The threat posed by international narcotics networks is an increasing danger to the national security of the United States and our allies.

In countries like Mexico and the Bahamas, law enforcement officers are being corrupted. In Colombia, Judges have been murdered, and those who would sentence or extradite drug traffickers live under a death threat. And in the United States, our own streets and neighborhoods are under siege.

Today, we will receive compelling testimony concerning this threat from a very distinguished group of witnesses. United States Attorney Rudolph Giuliani, FBI Assistant Director Thomas Sheer, DEA Special Agent in Charge Robert Stutman, and the two undercover DEA agents will discuss in detail:

The activities in Communist Bulgaria and the financing of Turkish terrorists by international networks supplying heroin to the United States;

The presence of Colombian "hit teams," made up of M-19 Guerrillas and other professional killers, hired by drug kingpins to commit murder-for-hire in New York and Miami. These "hit teams" are able to fly from Colombia to Bimini—in the Bahamas—to the United States with impunity; and

The unprecedented growth of Chinese heroin organizations in this city. These organizations are moving into a position of greatly increased prominence, as traditional organized crime has been weakened by recent prosecutions, and as competition from emerging criminal groups has increased.

We are also deeply honored by the presence and testimony of Giovanni Falcone, Italy's heroic Magistrate.

Magistrate Falcone, I salute you. I hope you are as well taken care of during your stay here as I know our President is in Italy.

Magistrate Falcone has done what many thought was impossible. He has brought the Mafia in Sicily to justice. His heroism has resulted in the successful prosecution of the Pizza Connection case, which goes to sentencing in 2 weeks. This truly historic case has ended in the conviction of defendants who supplied most of the heroin sold in the United States from 1975 to 1984.

I look forward to the Magistrate's testimony concerning the present situation in Italy—particularly Sicily—and note for the record that this is the first time so prominent and distinguished an Italian judicial officer has testified at a congressional hearing.

Through the evidence presented by Giovanni Falcone and our other very distinguished witnesses, the Senate Caucus on International Narcotics Control will demonstrate today the urgent need to elevate our anti-drug efforts to a much higher priority in both our foreign and domestic policy.

If the cooperation between Italy and United States is the standard against which our other relationships will be measured, the facts brought out at this hearing will show that too many countries are not doing what they should be doing to cooperate fully with us. Too many countries:

Did not convict or extradite to the United States a single major drug trafficker;

Have no effective conspiracy laws;

Seized only a tiny fraction of the narcotics they produce;

Actually increased their production of narcotics;

Signed no Mutual Legal Assistance Treaty with us;

Failed to combat the corruption pervading their governments; and

Did not allow DEA agents to join them in even a single law enforcement action; debrief a single arrestee; have any access to informants; or in any way operate within their borders.

The State Department's 1987 International Narcotics Control Strategy Report (Page 3) shows us how far we have to go:

Opium production has increased strongly in Southwest and Southeast Asia; and gross coca production has been increasing in Peru and Bolivia between 5 to 10 percent a year during this decade.

At Page 24 it admits that:

Worldwide opium production is increasing, from 1,410 to 1,660 metric tons in 1984, to 1,480 to 2,425 metric tons this year.

We have the weapons to reduce these numbers, but, too often, we fail to use them.

On October 17, 1986, the Senate passed the Anti-Drug Abuse Act. The President signed the bill into law on October 27th. Under this law, we can decertify and cut off aid to countries that do not "cooperate fully" with us in combating narcotics.

But in February, the State Department failed to invoke these sanctions. It recommended that nineteen major drug-producing and drug-transit countries be certified as "cooperating fully" in the war on drugs.

The Congress of the United States is as much to blame as the State Department. On April 3, the Senate killed by a vote of 49 to

38 the effort to decertify Mexico for not fully cooperating with the United States. The Senate ignored these facts:

There have been no convictions for the 1985 murder of DEA Agent Enrique Camarena, or the 1986 torture and beating of DEA Agent Victor Cortez.

Last year, Mexico seized only .01 tons of heroin, but it produced 200 to 400 times that amount—or 2 to 4 tons of heroin.

As the International Narcotics Control Strategy Report states at Page 154; "While existing laws are adequate, Mexican enforcement, conviction, and sentencing is less than adequate and, in many cases, non-existent," and at Page 356: "Little has been done to halt money laundering up to now."

Drug addiction is the only form of slavery we tolerate. Today's hearing represents a very serious effort to begin the process of ending this obscene and dangerous state of affairs.

There can be no further excuses. We must insist that other countries arrest, convict, extradite, and incapacitate drug kingpins. They must reduce drug production, and act aggressively to halt the transit of drugs, drug dealers, and drug money across their borders.

In the United States, we must do much more to eradicate drug demand, drug production, and drug organizations.

We must offer the countries that want to cooperate fully with us the help they need. But any country that refuses to try must be held accountable, with no exceptions.

I look forward to hearing from today's witnesses their recommendations for a more effective national and international anti-narcotics program.

It seems to me that drug addiction is the only form of slavery that we tolerate. There is nothing that is more enslaving, more entrapping that has created greater damage to the domestic tranquility of our great society and our Nation and I would hope that our rhetoric would be marked by the kind of action that people have a right to expect and that has been sadly remiss.

## OPENING STATEMENT OF HON. DENNIS DeCONCINI, A U.S. SENATOR FROM THE STATE OF ARIZONA

Senator DECONCINI. I will ask that the statement of Joseph R. Biden be inserted in the record here, he cannot be here today and likewise my own statement with respect to this hearing. I thank the witnesses for taking the time and stressing that the biggest problem as far as this Senator is concerned, the problem in Mexico and the inability for our Government to deal with that country.

I will leave my statement for the record. I thank you, Mr. Chairman.

[The following are prepared statements of Senators Dennis DeConcini and Joseph R. Biden, Jr.]

### PREPARED STATEMENT OF SENATOR DENNIS DECONCINI

I welcome the opportunity to come to New York today with my good friend and colleague, Senator Alfonse D'Amato, to hold this hearing on international narcotics trafficking. There is no Senator who has dedicated more of his time and efforts to help wage a war on drugs than Senator D'Amato.

We are fortunate to have with us the Co-Chairman of the House Select Committee on Narcotics Abuse and Control—Representative Benjamin Gilman. The Select

Committee's outstanding record of accomplishment speaks well for those who lead the committee.

When you look at the distinguished witness list for this hearing—Mayor Edward Koch, Deputy Attorney General Arnold Burns, U.S. Attorney Rudolph Giuliani—you realize, like I do, that there is no single issue facing our country today more critical than drug abuse.

I want to thank each witness for taking the time to appear this morning to discuss international drug trafficking.

I would also like to give special thanks to the Chairman of the Narcotics Control Caucus, Senator Joe Biden, for authorizing this hearing. As Chairman of the Senate Judiciary Committee, Senator Biden has kept the issue of drug abuse on the front burner in the Senate.

Representing a State that has a 400-mile border with Mexico provides me with a great deal of interest in international drug trafficking. The Country of Mexico is the number one source of marijuana and heroin coming into our country. Over one-third of the cocaine consumed in the United States transits through Mexico. In the past 6 months, over 4,700 pounds of cocaine has been seized in Arizona. Those statistics are a good indication of the problems we face along the southwest border.

I have pleaded with Mexican officials, including President de la Madrid and their Attorney General, to help us, to work with us—by allowing our drug interdiction airplanes, with their sophisticated radar, to fly on both sides of the border—to allow our pilots to fly hot pursuit—the ability to chase after the trafficker when he heads back into Mexico. They tell me it's our problem, not theirs.

Mexican officials have been telling me they're ready to sign a Mutual Legal Assistance Treaty (MLAT) with the U.S. But still no treaty today. Still no extradition treaty with Mexico.

This hearing provides us with a good opportunity to examine international drug trafficking. It spotlights a country—Italy—that has a Mutual Legal Assistance Treaty with the United States. The hearing also allows the experts, wtih hands-on experience, to address this issue.

Nobody here today will deny that the United States has a serious drug abuse problem. We have the demand and the money to supply that demand. But, if we have any hopes of waging a successful war on drugs, Congress and the Administration must send a message to drug producing and transshipment countries that we will no longer just turn our head or slap their hand. We will take whatever steps are necessary to stop the flow of drugs into the United States.

Thank you.

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PREPARED STATEMENT OF SENATOR JOSEPH R. BIDEN, JR.

I would like to commend Senator D'Amato, the Co-Chairman of the Senate International Narcotics Control Caucus, and Senator DeConcini, the ranking member of the Caucus, for holding this hearing today.

Senator D'Amato has been an aggressive spokesman in the United States Senate on issues relating to narcotics control generally, and international narcotics control, specifically.

And Senator DeConcini, having worked on the drug control issue for more than a decade, is an acknowledged expert in this field.

International drug trafficking is a problem of enormous proportions. The thousands of tons of narcotics and other dangerous drugs that pour across our borders each year poison our children, provide the financial base for powerful national and international criminal syndicates, and directly increase violent crime in America.

In addition, the international drug market poses a direct security threat to many governments in Central and South America. The billions of dollars generated through drug trafficking allow narco-terrorists to hire and equip armies, buy elections, and intimidate foreign governments.

In fact, at a Judiciary Committee hearing I chaired in March of this year, I asked William Webster, then the Director of the Federal Bureau of Investigation, what he considered the most pressing law enforcement issue that will confront this country in the next decade.

Without hesitation, Judge Webster responded that the "internationalization of major crime" was the most pressing issue. And as Judge Webster noted, any effective response to this threat will require an unprecedented level of international cooperation among governments and law enforcement agencies.

As Chairman of the Senate International Narcotics Control Caucus, I have decided that the primary focus of the Caucus during the first session of the 100th Con-

gress will be to examine United States policy on international law enforcement cooperation in order to find new ways of combating international criminal syndicates, particularly those involved in drug trafficking.

Today's hearing has been called to look at the so-called Pizza Connection case is a model of cooperation between foreign governments.

This case could not have been investigated and prosecuted without an extraordinary amount of cooperation between United States law enforcement officials and officials from numerous foreign nations, particularly Italy and Switzerland.

In addition, this level of cooperation would not have been available without the existence of Mutual Legal Assistance Treaties between the United States Government and the Governments of Italy and Switzerland.

Mutual Legal Assistance Treaties offer one of the most promising avenues for international law enforcement cooperation. Access to financial information and bank records, for example, is essential in targeting top-level drug traffickers. Such information often is the only link between the leaders of criminal syndicates and their activities, since they rarely ever see or possess any drugs.

The United States Government, however, has not been successful in negotiating such treaties with several important countries. The United States does not have such treaties with the Governments of Mexico or Panama.

The absence of such treaties has severely hampered the ability of U.S. drug enforcement officials to pursue international criminal syndicates. In the near future, this Caucus will be holding a hearing on the Mexico situation to be chaired by Senator DeConcini, which will determine whether the lack of a Mutual Legal Assistance Treaty has hindered drug enforcement efforts and the status of a draft treaty now under negotiation.

These two hearings—today's hearing examining a model case of international cooperation and the hearing on Mexico examining the consequences of the lack of such cooperation—will lay the groundwork for a third hearing that will examine what types of Mutual Legal Assistance Treaties are the most effective, and with which countries we need to negotiate such treaties.

Ultimately, the Caucus will produce a strategy for strengthening United States policy on international law enforcement cooperation that will respond effectively to the international crime and drug problems of the 1990's.

Once again, I would like to commend my colleagues for calling this hearing. I also would like to commend Mr. Giuliani, the United States Attorney for the Southern District of New York, and all the other law enforcement officials who participated in the investigation and prosecution of the Pizza Connection cases. Your testimony today will provide a great deal of insight to the Senate International Narcotics Control Caucus in its examination of the international law enforcement problem.

## OPENING STATEMENT OF HON. BENJAMIN A. GILMAN, A U.S. REPRESENTATIVE FROM THE STATE OF NEW YORK

Representative GILMAN. I too will be brief and submit my statement for the record. I will note that the good Chairman of our Select Committee on Narcotics Charles Rangel could not be here today because he had to attend a funeral.

I commend you for being here and I would ask the witnesses to comment on whether or not they feel that the National Policy Board chaired by Mr. Meese could use a full-time Cabinet Director devoted full time to the Narcotics problem.

It is impossible for the Attorney General to devote a hundred percent of his time to the war on drugs. I would hope that you might comment on the measure that Chairman Rangel and I introduced, H.R. 2454, which reiterates our call for a drug czar.

Senator D'AMATO. I understand that you are under some constraint, Mr. Mayor. We will take your written testimony as though read in its entirety and let you do it only as Ed Koch can do it.

[The prepared statement of Representative Gilman follows:]

OPENING REMARKS

HONORABLE BENJAMIN A. GILMAN

RANKING MINORITY MEMBER

SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

WHILE THIS MORNING'S HEARING IS UNDER THE AUSPICES OF THE SENATE CAUCUS ON INTERNATIONAL NARCOTICS, I APPRECIATE THE BI-CAMERAL AND BI-PARTISAN NATURE OF THE EFFORT TODAY. SENATOR D'AMATO AND SENATOR DECONCINI ARE TO BE COMMENDED FOR THEIR ONGOING EFFORTS TO COMBAT NARCOTICS ABUSE AND TRAFFICKING, AS WELL AS THEIR INIATIVE IN BRINGING SUCH DISTINGUISHED WITNESSES BEFORE US THIS MORNING.

AS RANKING MINORITY MEMBER OF THE SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL IN THE HOUSE OF REPRESENTATIVES, I CAN ATTEST TO THE IMPORTANT NATURE OF TODAY'S TOPIC. THE INTERNATIONAL SECURITY THREAT POSED BY NARCOTICS TRAFFICKERS IS SERIOUS INDEED, AND I LOOK FORWARD TO HEARING THE TESTIMONY OF NEW YORK'S MAYOR AND MY FORMER COLLEAGUE IN THE HOUSE, ED KOCH. I IMAGINE THAT HE WILL BE ABLE TO PROVIDE US WITH SOME UNIQUE INSIGHT AS WELL AS SOME IMPORTANT SUGGESTIONS THAT MAY BE UNDERTAKEN AT THE FEDERAL LEVEL.

BY FOCUSING THIS MORNING ON THE IMPACT OF ILLICIT NARCOTICS TRAFFICKING, THE COOPERATIVE EFFORTS BEING UNDERTAKEN, INCLUDING NEW INITIATIVES AND A BETTER UNDERSTANDING OF THE MANY NARCOTICS TRAFFICKING ORGANIZATIONS, I EXPECT THAT THE NARCOTICS SELECT COMMITTEE WILL BE ABLE TO GARNER MUCH VALUABLE INFORMATION IN ITS ONGOING EFFORTS TO ENGENDER A COMPREHENSIVE AND COORDINATED FEDERAL RESPONSE TO THIS SERIOUS MENACE.

I DO HOPE, HOWEVER, THAT OUR FEDERAL AGENCY WITNESSES WILL REFRAIN FROM TOUTING PRESIDENT REAGAN'S RECENT RADIO MESSAGE AND ATTORNEY GENERAL ED MEESES' ANNOUNCEMENT OF THE DESIGNATION OF LEAD AGENCIES AS A NEW AND IMPORTANT INITIATIVE IN OUR WAR ON DRUG TRAFFICKERS AND THEIR PRODUCT. WE ARE ALL WELL AWARE OF EACH DEPARTMENT'S JURISDICTION, AND IN A NUTSHELL, THOSE ANNOUNCEMENTS MAINTAINED THE STATUS QUO. HOWEVER, IF MR. VON RAAB AND MS. WROBLESKI DO INDEED HAVE NEW PROGRAMS AND INITIATIVES IN THE WORKS, I WOULD INDEED APPRECIATE BEING NOTIFIED THIS MORNING.

AND WHILE WE DISCUSS THE MANY ASPECTS OF THIS MORNING'S TOPIC, I WOULD ALSO APPRECIATE IF OUR WITNESSES WOULD COMMENT ON WHETHER OR NOT THEY FEEL THE NATIONAL DRUG POLICY BOARD, NOW CHAIRED BY MR. MEESE, COULD USE A FULL-TIME CABINET LEVEL DIRECTOR. AS WE ALL KNOW, IT IS IMPOSSIBLE FOR ATTORNEY GENERAL MEESE TO DEVOTE 100% OF HIS TIME TO OUR WAR ON DRUGS, AND AS THE NARCOTICS SELECT COMMITTEE HAS DETERMINED, HIS DEPUTY, MR. TROTT, DOES NOT ALLOCATE NEARLY THAT AMOUNT IN HIS OWN DAY TO DAY EFFORTS.

THEREFORE, CHAIRMAN RANGEL AND I INTRODUCED H.R. 2454, THE NATIONAL NARCOTICS LEADERSHIP ACT, WHICH REITERATES THE CALL FOR A "DRUG CZAR" AT THE FEDERAL LEVEL. AS MANY OF YOU KNOW, PRESIDENT REAGAN VETOED LEGISLATION CONTAINING SUCH A PROVISION A NUMBER OF YEARS AGO, BUT IT OCCURS TO ME, THAT SINCE WE HAVE THE OMNIBUS DRUG ACT, WHICH PROVIDES MUCH NEEDED FUNDS AND PERSONNEL. ONE GLARING OMISSION THAT REMAINS IS A GENERAL TO LEAD THE TROOPS. I HOPE THAT OUR WITNESSES THIS MORNING WILL SHARE THEIR VIEWS ON THIS IMPORTANT ASPECT WITH US.

SO, SENATOR, I THANK YOU FOR HAVING INVITED ME TO PARTICIPATE THIS MORNING. I COMMEND YOU AGAIN FOR YOUR DEDICATION TO ROOTING OUT THE NARCOTICS TRAFFICKERS, WHEREVER THEY MAY PLY THEIR TRADE, AND I LOOK FORWARD TO THIS MORNING'S HEARING.

## OPENING STATEMENT OF HON. EDWARD I. KOCH, MAYOR, CITY OF NEW YORK

Mayor KOCH. I will read only one statement. A national study of drug abuse in households yields the following pessimistic findings. The National Institute of Drug Abuse stated that one million children between 12 and 17 have used cocaine and more than 20 million people over the age of 18 have used it.

It tells us that no community is free from the evil reach of drugs. I said that I have a feeling of deja vu. We are constantly meeting the good guys planning the strategy and when we go to the Congress we don't prevail.

We cannot give up the battle because if we do then the country will be destroyed. We are not going to be destroyed by the Soviet Union invading us. We will be able to defeat them, God forbid that were to occur.

We can easily be destroyed by the drugs invading our country. They are already winning the wars. Why is it that we have failed? I mentioned earlier that we should use the two weapons available to us. One is to end all economic aid to countries that are growing these drugs and not taking measures to prevent them from being grown. That power has been available for 18 years on the books of the Congress, and in the 18 years it was available the administration only cut off aid to Bolivia on one occasion in 1980 and that was it.

We should be cutting off aid to Mexico and to Peru and to Colombia and to Bolivia—cut it off and see whether or not they don't stop the production in their countries.

Every now and then you read in the newspapers that the reason we cannot stop the production is because the farmers would be upset or revolt. Who gives a damn whether the farmers will be revolting or will be upset? We ought to be revolting and ought to be saying that we will not be giving our taxpayers' monies to these countries that are destroying our children and adults.

I did not know of the vote you and the Senator mentioned with respect to failing to get the Senate to support cutting off the aid.

I want to commend the two of you for that. Keep on trying.

The second area relates to military interdiction. I was in Alabama to the Air Force College or something like that where they bring in the top people from all of the services.

I asked them why don't they want to have the mission of interdicting drugs before they get here because the Army and the Navy and the Air Force fight us every time we have been in the Congress and the Bennett Amendment which would give the mission in effect to the armed forces to interdict drugs is up.

It passes in the House and is defeated in the Senate. The question I have is why do they fight us? Why does Weinberger fight us as he does and why do the armed forces fight us?

I said to this group at the Air War College in Alabama, I am going to tell you why you fight us.

They sat back in their chairs.

The reason why you don't want the mission is because you think you are going to fail. That's why you don't want it.

I don't know whether you will fail or not. I know that the civilian part of government has failed. I know that.

You would protect us if the enemy were coming over with bombs, missiles, grenades and guns. Why don't you protect us from an enemy that is doing worse?

A guy stood up and I think he was a Colonel. He said, "Mayor, I will tell you what our position is. The reason we don't want to do it is because you won't let us do what we have to do."

I said, "What do you have in mind?"

He said, "If you really want to stop the drugs from coming in, you would have to provide corridors, and if anyone, planes or boats were not coming in to this country through the corridors, everything else would be a free fire zone and you wouldn't do it."

I said, "Try me."

This is serious. I think, yes, if that is what it takes to prevent—the last figure I saw is that of every 100 boats, only 6 are interdicted for bringing in drugs.

Of the 18,000 planes that brought in drugs for 1984, only 2 or 3 planes were interdicted carrying drugs.

That is a failure. Imagine if 18,000 planes were bringing in terrorists and we interdicted only two or three. Imagine if only 6 boats were being interdicted out of every 100 bringing in terrorists. We would get a new Army or can those at the top.

Why are not the same standards applied here to drugs?

That's my story. We are going to try the Bennett Amendment again.

I just want to commend you, implore, urge you to keep trying to get the diplomatic arsenal implemented, and I'm sorry if I only blamed the President before and I didn't blame the other members of the Senate and not the two sitting here.

That's my testimony.

Senator D'AMATO. Mr. Mayor, you have said it well.

I know you have time constraints. I am wondering if my colleagues have any questions.

Senator DECONCINI. I think you said it well, too.

I think one of the things you do so well, Mr. Mayor, is to inquire to tell it like it is and pull no punches. This raises the awareness and the education and the need for more of us to continue to pursue and save the Bennett Amendment.

One of the things that Senator D'Amato has worked on for years, and Mr. Gilman, is the Office of National Drug Coordinator.

Senator Biden has introduced that bill. It is not a new cabinet position. It only calls for appropriation of $500,000, but it would have cabinet level and would have the ability to task every cabinet office. Only the President would be able to veto this person.

Mayor KOCH. I am in favor of it. I don't believe that the function is working well with Mr. Meese, since he has other areas to deal with. I am absolutely for it.

Representative GILMAN. We certainly welcome your thoughts and your continuing to keep this problem before the public's consciousness.

What about the problems in the municipalities today? Is there enough funding there to do the job, corrections and facilities?

Mayor KOCH. Last year and this year there will be more in our budget that is devoted to law enforcement directed at drugs, and not everything else, but just exclusively to interdict drugs by arrests and prosecutions in the courts, et cetera, and the people that have been sentenced as a result of a drug-related crime.

Our budget included $250 million of local funds for corrections and district attorneys and police and everything else associated with law enforcement directed at interdicting drugs.

The Police Commissioner, Ben Ward, will tell you about all that he is doing. It will not make any difference how much he does. It is a revolving door matter.

He will give you the exact figures of 60,000 people arrested last year as a result of the efforts of 1,000 cops who are devoted only to interdicting the drug traffic.

We have 27,000 cops, and they are all involved to some degree in interdicting but we have a thousand whose job it is exclusively for that purpose.

We cannot do it on our own. It would be nice if more of the crimes that are dual crimes, State and Federal crimes, were tried in Federal courts.

I want to commend Mr. Giuliani because he may be the only one in America on the Federal level who has taken some cases of street crime involving drugs into the Federal courts.

He did it several years ago and much more is obviously in order, because our courts and prisons are overloaded, and the Federal judges have a history of sending people who are convicted to jail for longer periods of time.

I believe that there should be more Federal involvement in terms of trials in the Federal courts, not to take it all away from us, but more of it, and Federal prisons should be expanded.

I must say in a jocular note, I received a letter not very long ago from a woman who lives in Alaska. I had made the suggestion that the Federal Government build 2 prisons, 1 in Nevada in the hot desert, and one I said in the snow-filled tundra of Alaska, and put them out there. They will not run away. There is no place to run to.

This woman said she agreed with everything I said, except please tell the Mayor that the tundra is in Canada, and secondly, if the prisoners came to Alaska, they will love it and never leave, so please don't send them here.

Representative GILMAN. In your last appearance before a congressional committee, you stated that one half of your prison population was drug-related crime.

Mayor KOCH. More. I believe that the figures show that more than 50 percent of all of those sentenced prisoners are there because of drug-related crimes.

Representative GILMAN. Do you have any idea what the City spends on drug enforcement and drug correction?

Mayor KOCH. $250 million, which is the total sum that we have appropriated only for law enforcement and the peripheral services.

Representative GILMAN. Do you receive any Federal assistance?

Commissioner WARD. We receive very little. The most important portion we get is the money that we get from the omnibus crime control bill, and other than that, we receive very little.

Senator D'AMATO. Mr. Mayor, on that subject which has been on the minds of many people in Washington, D.C., a rather small sample was taken of 250 prisoners, 80 percent of whom were tested and they tested positive for the AIDS virus. A very substantial number of them, of course, were drug users.

It is estimated that we have about 200,000 or thereabouts, heroin addicts, IV addicts in the New York metropolitan community.

I am wondering if you have taken any tests of the prisoner population and has that been done.

Mayor KOCH. I believe that it is probably appropriate to test those who have been convicted and who are sitting in jail, because we know that homosexuality does exist there. We know that transmission of the AIDS virus can occur. This is a pragmatic aspect of it.

We have segregated, but it is a voluntary segregation, those who identify themselves as homosexuals in the prison system who are afraid of being sexually assaulted in the general prison population.

We are talking about physical assaults that might be made on them. We have segregated them at a special facility at their request.

At the direction of the Health and Corrections Commissioner and supported by the New York State Board of Health, we distribute condoms to them.

We know that homosexual acts will take place. We don't want people to die if we can help it.

As far as testing the entire prison population, I would want to find out from the Health Commissioner whether or not that makes sense.

From a philosophical point of view, I would be bothered if that reduces any mandatory testing with respect to loss of jobs.

I would like to have an opportunity to discuss that with the Health Commissioner and others.

Senator DECONCINI. I want to pursue, and my own reaction is that under those circumstances it is a very legitimate public policy position to require testing.

Mayor KOCH. That would be my instinct.

Senator DECONCINI. I can appreciate your wanting to consult with the experts.

Senator D'AMATO. Thank you, Mr. Mayor.

Mayor KOCH. Thank you.

## OPENING STATEMENT OF HON. ARNOLD BURNS, DEPUTY ATTORNEY GENERAL, U.S. DEPARTMENT OF JUSTICE

Senator D'AMATO. Deputy Attorney General Arnold Burns.

Mr. BURNS. Senator D'Amato and Senator DeConcini, it is a pleasure to be here in New York today to testify regarding Federal anti-drug efforts.

The bulk of my testimony today will address international issues. There have been many dramatic developments on the domestic scene in recent weeks, however, which deserve some brief mention as a backdrop for our international initiatives.

Despite the fact that illegal drugs continue to represent one of the greatest threats facing our Nation, there are many recent signs

which give us reason to hope that we may be nearing the turning point in this fight.

The month of May witnessed a number of unprecedented developments, all of which indicate that the powerful anti-drug machine we have been building over the past few years is beginning to yield results.

In May, we concluded Operation Pisces, the most extensive and successful drug enforcement undercover operation ever launched. This massive operation culminated in the indictment of 115 drug traffickers and money launderers from two major drug syndicates.

Over a 3-year period, operation Pisces produced a total of 350 arrests and the seizure of 19,000 pounds of cocaine as well as $49 million in cash and other drug assets.

Operation Pisces, with help from the government of Panama, has demonstrated our ability to reach drug traffickers even when they operate outside our borders.

In May, the highly successful fugitive round-up by the U.S. Marshall's service was concluded. As a result, 166 drug fugitives were apprehended. This operation dispelled the old notion that drug fugitives not in custody when an indictment was announced will never be apprehended. They can be and they will be.

In May, we also released the second annual progress report of the National Drug Enforcement Policy Board. The report illustrates that we are arresting, prosecuting and convicting more drug traffickers than ever before. The report contains some truly impressive statistics.

Consider, for example, that the progress report showed that DEA arrests of Class I and Class II narcotics violators—the largest-scale drug traffickers—more than doubled from 1982 to 1986—6,363 arrests in 1982 compared with 12,819 in 1986.

Consider, also, the dramatic increase in seizures of cocaine. In 1982, cocaine seizures resulting from interdiction efforts totaled about 1,150 pounds. In 1986, cocaine seizures had grown over fivefold to about 6,300 pounds.

Part of this dramatic gain is attributable to the fact that we have put more Federal agencies to work on the drug problem.

In 1986, Coast Guard cocaine seizures skyrocketed from 40 pounds in 1982 to 7,495 pounds and in cocaine seizures increased from 95 pounds in 1982 to 2,763 pounds.

In percentage terms, these growth rates come out to 19,860 percent and 2,900 percent respectively.

The forfeiture area has also been active. Not too long ago, we measured Federal forfeitures of drug property in the tens of millions of dollars. Today we measure annual drug forfeiture in the hundreds of millions of dollars.

In fact, Federal seizures of property used by drug traffickers totaled almost a half billion dollars in fiscal year 1986.

DEA and local authorities seized 197 clandestine drug laboratories in 1982; that figure was up by over 250 percent to 509 laboratory seizures in 1986.

As you know, the FBI was not engaged in the fight against drugs in 1981—today the FBI is annually devoting 1,000 agents work-years to drug enforcement work with impressive results.

In 1982, IRS investigations resulted in 180 drug-related indictments. Since that time, IRS-initiated cases have grown by over 500 percent to an impressive 817 drug-related tax indictments in 1986.

The increased drug enforcement resources approved by the Congress together with new cooperative enforcement initiatives in my view will yield even greater results in the months ahead.

We are witnessing one of the most gigantic operations ever put together in a non-wartime setting. New agent training classes are full and fresh troops are being brought into the battle each month.

In addition, new radar equipment, communications systems, control centers and other systems and facilities are on order or under construction. Moreover, coordination and cooperation among Federal agencies is steadily improving.

In May, the National Drug Policy Board announced its assignment of lead agency responsibilities in all of the major areas of drug control activity. This will provide a basis for a coordinated, cohesive and effective approach to Federal drug control efforts.

At the same time, we have commenced major new efforts on the "demand" side of the drug problem through greatly enhanced drug abuse education and treatment programs.

This in turn, is being supplemented by very encouraging private efforts ranging from a recent flurry of televised anti-drug public service announcements to increased involvement by an unprecedented number of public and private organizations dedicated to rolling back the demand for drugs.

Nobody is going to claim that we have the drug problem under control or that victory is "just around the corner." Because we are here to talk sense.

I do believe, however, that the full force of our enforcement and demand control efforts are only just beginning to be felt and that there is every reason for optimism rather than pessimism.

The National Drug Policy Board (the "Policy Board"), created by a Presidential executive order in March of 1987, oversees all Federal drug control efforts.

The Policy Board is broken down into two coordinating groups. The first group, the Drug Abuse Prevention and Health Coordinating Group (demand side), is chaired by Dr. Donald I. McDonald, Director of Alcohol, Drug Abuse and Mental Health Administration.

The drug abuse prevention group's responsibilities are divided among four subcommittees, which focus on: (1) Prevention education of non-using youth and early users; (2) Rehabilitation and treatment of severe drug abusers; (3) Issues relevant to high-risk youth, youth likely to become chronic drug users; and (4) Education of post-school age, basically healthy non-users about the importance of a drug-free workplace.

The second Policy Board coordinating group, the Drug Enforcement Coordinating Group (supply side), is chaired by Associate Attorney General Stephen S. Trott.

The subject-area responsibilities of the Drug Enforcement Coordinating Group are divided among seven subcommittees: (1) On intelligence; (2) On long-range surveillance; (3) On the southwest border (including "Operation Alliance"); (4) On the Bahamas; (5) On C3I ("Command, Control Communications and Intelligence Centers"); (6) On prisons; and (7) On financial enforcement.

One of the Policy Board's most significant drug law enforcement activities in 1986 was developing a national and international drug law enforcement strategy. The 200-page strategy outlines enforcement programs and goals for the next 2 years.

Now to turn to the international scene:

The atmosphere for multilateral efforts in the Caribbean basin has improved steadily since Operation Hat Trick II in 1985.

We have involved more countries than ever and have coordinated marine patrols and land efforts in our programs. This is considerable progress over past unilateral United States interdiction efforts in the basin. Strengthening regionally coordinated interdiction efforts has led to more effective drug law enforcement.

We are also continuing our attempts to stop drugs at their source. Source-country eradication has expanded to include 20 foreign countries eradicating drug crops with United States support in 1986, up from 2 foreign countries in 1981.

Eradication efforts have also met with more success. Overall, procedures have improved and results have shown this.

For example, according to the Drug Enforcement Administration (DEA), Colombia has eradicated virtually all of its domestic marijuana crop to date in 1987.

One of the highest goals of our drug law enforcement diplomatic policy is to take the initiative in, and to provide assistance for, the extradition of drug traffickers.

The extradition of Carlos Lehder from Colombia to stand trial in the United States, as well as the extradition of many other drug traffickers, illustrates that the United States is cooperating effectively with other nations within established legal systems to combat drug trafficking.

Several countries have ratified treaties which make it possible for the United States to request and receive bank records and other information regarding persons who are under investigation in this country.

The first such treaty was the treaty on mutual legal assistance between the United States and Switzerland, which entered into force in 1977.

Since then, we have brought three other mutual legal assistance treaties into force, one each with Italy, the Netherlands, and Turkey. Five others have been negotiated and signed: Canada; the Cayman Islands; Thailand; Colombia and Morocco.

Further, we are actively negotiating similar treaties with a number of other countries, including: Australia; the United Kingdom; Germany; Israel; Jamaica; Mexico; Panama; and the Bahamas.

The best short-term prospects for finalizing new treaties appear to be with Mexico, Panama and the Bahamas.

In addition to our treaty accomplishments, the United States has had great success with executive agreements between the United States and other countries.

These agreements have been established for the purpose of our securing foreign evidence for use in domestic investigations and/or prosecutions.

Although such agreements have been primarily limited to drug cases, they are quite helpful in that they do not need to be ratified

as do treaties, which means they generally can be brought into force more quickly.

Sometimes executive agreements serve as interim agreements pending negotiation of more far-reaching treaties.

To cite an example, in 1984 we had such an agreement with the Cayman Islands whereby the Caymans would provide, among other things, bank records within 2 weeks of their receipt of certification from the Attorney General that the United States needed records in connection with a drug trafficking case.

About 100 requests were sent to the Caymans, and they have responded promptly and have adhered to the terms of the executive agreement.

A similar agreement has existed between the United States and the Caicos Islands since 1986; one between the United States and Anguilla entered into force earlier this year.

Because of unique problems shared by the United States and the Italian governments, almost 3 years ago we established a "working group" with Italy. It is the only country with which we have organized such a group.

One of its main purposes is to deal with organized crime and drug trafficking. The working group, which has brought together leading law enforcement officials from both nations, works to ensure that the best uses are made of the treaty of mutual legal assistance and the two extradition treaties we have with Italy.

We have also participated in joint investigations, striving always to coordinate the two very different legal systems within which we must work.

Italy has proven very committed to cooperative drug law enforcement efforts. They have sent to the working group representatives of as varied a selection of agencies as we do.

For example, United States working group members come from main Justice, FBI, State Department, DEA, Treasury and U.S. National Central Bureau (our representatives to Interpol).

Operation Blast Furnace virtually stopped coca leaf trafficking in Bolivia throughout the summer and fall of 1986. More than 20 cocaine laboratories were destroyed.

This led to a tremendous fall in the production and price of coca leaves. For the first time ever, civilian law enforcement authorities, supported by military forces, were invited by a foreign government to assist that government in drug law enforcement actions.

A Policy Board staff study was conducted on air and marine interdiction capabilities along the southeastern border of the United States.

At the present time, aerostat radar, communications facilities, and other resources are being deployed to improve the effectiveness of air interdiction operations.

In addition, research is being conducted by the Department of Defense and the Federal Aviation Administration along the lines of radar and hardware needs relative to the air and related marine interdiction systems.

Operation Alliance, like Operation Blast Furnace, sets a significant precedent for the United States. It is a multi-agency effort which combines the newest, most sophisticated equipment with the

energy of thousands of Federal, State and local law enforcement officials along the southwest border.

The 2,000-mile border and adjacent water has never before been the object of such efforts. We are still in the early stages of Operation Alliance, and do not yet have the full complement of people, detection equipment and other resources in place, yet we have already seen a doubling of the number of drug cases being brought into our United States Attorneys' offices along the Mexican border.

The Department of Justice is presently involved with the Department of State in formulating a multilateral convention to discuss the issue of illicit trafficking of narcotics and other mind-altering substances.

Countries concurrently addressing this topic are the United Kingdom, the Bahamas and Panama.

It is important that other countries examine these issues and formulate programs to combat trafficking with or without cooperative action with the United States. Otherwise, the United States could become the policing agent for the free world or some significant portion thereof.

From the initial response of the officials of other nations, however, we sense unilateral United States' operations will not be the only course available to us.

Perhaps the ultimate example of recent cooperative efforts in international drug law enforcement is the international conference on drug abuse and illicit trafficking (ICDAIT) scheduled for the end of this month.

The conference—at the ministerial level—has as its goal the generation of anti-drug action designed to attack all aspects of the drug problem at national, regional and international levels.

Specific areas include preventive education, eradication of illicit raw materials, control of production, harmonizing of national legislation, support for international treaties, demand reduction, drug law enforcement, treatment and rehabilitation of drug abusers, and elaboration of a convention against illicit drug trafficking.

The United States has strongly supported all United Nations preparations for the conference. Expert consultants were provided at every stage, including assisting in the initial draft of the comprehensive multi-disciplinary outline for the conference, (CMO), detailing a White House drug abuse policy office representative to the United Nations Conference Secretariat, participating in two preparatory conferences, and assisting in revising the CMO during these meetings.

United States Government officials have met regularly with key United Nations conference planners in New York, Washington and Vienna.

A series of briefings were given in December, 1986, to United Nations officials by United States officials to disclose the extent of United States activities, as well as United States priorities and aims, in combatting drug trafficking and abuse.

One side benefit which preparation for the conference has effected in the United States is the involvement of non-governmental organizations (NGOS).

Approximately 50 NGOS have been invited by letter to participate in the conference. I anticipate it may generate action programs for future private sector efforts.

Directly related to NGOS participation is the promotion of drug-abuse education, prevention, rehabilitation and awareness all over the world.

The primary United States objectives for the conference are:

A. To obtain declared political commitment from all governments to take effective measures to reduce illicit drug production, trafficking and abuse;

B. To assure, at the same time, that the conference does not become politicized and addresses only substantive issues;

C. To assure that media attention, through the most effective channels, increases public awareness of the international nature of the drug problem and generates support and encourages involvement in drug control activities;

D. To obtain support, including financial aid, for the work of United Nations drug agencies, especially the International Narcotic Control Board and the United Nations Fund for Drug Abuse Control;

E. To encourage support of the international drug control treaties; including the draft convention on drug trafficking;

F. To assure that appropriate technical expertise is shared among the participants to improve international coordination of drug control activities; and

G. To illustrate to the international community that the United States has an ongoing commitment to take definitive action to reduce the demand for illicit drugs in the United States and abroad.

Our delegation includes expert advisors who will be directly involved in final negotiations of the CMO. I am happy to note that Congressmen Rangel and Gilman will be part of our delegation.

The second document to be considered, and we expect adopted, by the conference is the declaration of intent.

Numerous countries with a strong interest in the drug problem, including the United States, have suggested that a concise statement of political commitment might complement the CMO.

With regard to the declaration of intent, the United States will oppose language which depicts the narcotics issue in terms of less-developed versus developed countries, which introduces unrelated political topics, which emphasizes one element of the drug control strategy at the expense of others, or which appears to commit member nations to an unrealistic or unfair allocation of resources toward resolution of the problem.

Since a central objective of the conference is to raise the level of national and international awareness of the drug problem, the United States is planning and urges all nations to plan public information activities.

I note the production of an anti-drug-abuse film co-hosted by Mrs. Reagan and Mrs. Perez de Cuellar—wife of United Nations Secretary General Perez de Cuellar. It will be shown at the United Nations headquarters in New York this month and will be shown at the commencement of the conference in Vienna.

To conclude, I stress the value of the conference in the continuing effort of the United States to build international commitment and cooperation in the global fight against drug trafficking and abuse.

The opportunities of a ministerial level meeting focusing on the drug issue are considerable. The United States has expended great resources in preparation for the conference that we might be able to properly address the opportunities it presents.

Thank you for the opportunity to describe our efforts to fight drug trafficking and abuse.

This concludes my prepared statement. I would be happy to respond to any questions you may have.

It is our considered opinion with respect to the drug Czar as posed by Representative Gilman, that this will not advance to the progress that we are making every day against the drug abuse problem, which plagues our nation and the world.

As a matter of fact, we believe that it will set us back. It sets us back because we already have in place through our Drug Policy Board, which was revamped in March of this year a mechanism which includes both the supply side under the leadership of Associate Attorney General Trott, and the demand side, under the leadership of Dr. McDonald.

There is an old saying, and that is if something ain't broke, don't fix it.

We are just beginning, as I indicated in my opening remarks, to see some very impressive results.

The seeds that we have sown with the present structure are beginning to bear fruit.

We ought not to try and experiment in revamping the cabinet structure of government that has served our Nation so well for the last 200 years. Cabinet officers ought not be called upon to be responsive to a coordinator.

I hope that is helpful to you. That is our point of view on the subject.

I will take your questions, sir.

Senator D'AMATO. I am sure you are going to get them.

At this time I would ask that we call upon our Police Commissioner who has waited so patiently.

We will take your testimony for the record as though read in its entirety so that you might be permitted to summarize.

## OPENING STATEMENT OF BENJAMIN WARD, POLICE COMMISSIONER, CITY OF NEW YORK

Commissioner WARD. Thank you.

Good morning, Senator D'Amato and distinguished members of the caucus.

The most popular catch-phrase to emanate from Washington this year is, "Just say no to drugs." It's not a new idea, but it does offer a new twist.

For the past 20 years, when Washington should have been fulfilling its responsibilities regarding drugs, it has instead been saying no to them:

No to responsibility for interdicting drugs before they cross our borders;

No to responsibility for developing an effective foreign policy to deal with drug-producing nations;

No to a truly coordinated effort to address a threat to America at least as terrible as Communism;

No to a desperate need for a national anti-drug abuse education program;

And perhaps most of all, no to the proposition that drug trafficking and abuse is a national issue and not a local one.

Today we hear the White House telling us, as individual Americans, "Just say no," as if it were all that simple.

As parents and good citizens, we will, of course, say no to drugs. But Washington cannot take a "pull yourself up by the bootstraps" approach to the drug issue without first dealing with the supply side of the problem at its most basic level.

I sometimes get tired of reminding people that the coca plant does not grow in Central Park, and the opium poppy isn't cultivated in Chicago.

In New York City the cocaine trade is controlled by Colombian nationals, and the dealings our undercover officers have with them are often as interesting as they are dangerous.

I have heard, for example, that when American diplomats attempt to dissuade South American cocaine producers from cultivating the coca plant, the producers sometimes respond by saying, "When you Yankees stop buying coffee, we'll stop growing coffee beans."

What they're talking about, of course, is what they perceive to be their role as mere suppliers of a product for which there is an obvious demand in the United States.

Unfortunately, there is a modicum of truth in their response, but only as it relates to American demand for cocaine.

Drug exporters and the nations who produce them cannot be excused for their actions simply because they view their behavior as having economic justification.

I think, rather, that they should be condemned for preying on America's shortcomings and that the full weight of America's diplomatic, economic and military might should be brought to bear on them for their transgressions.

The Federal Government has, quite simply, failed in its responsibility for interdicting drugs and influencing drug-producing nations.

The Anti-Drug Abuse Act of 1986, for all its millions of dollars, now seems hollow. In a rush to passage—just before elections, I might add—truckloads of money were committed to what the media called "The war on drugs." And for a brief moment, voters everywhere breathed a collective sigh of relief—as did the legislators who took credit for the bill.

The fate of that money is dubious at best, and the results of the Act are so far not impressive.

As a matter of fact, as of this date, New York City has not received a single cent of that money. Consider this against the backdrop of a DEA report that estimates there were 2,200 pounds of co-

caine smuggled into this country in 1977 and about 60,000 pounds of cocaine in 1986.

It is as though multiple-warhead missiles are raining on America, armed not with nuclear devices but kilogram packages of cocaine hydrochloride.

The missiles penetrate our borders and laid on our soil. About 95 percent of them will get through our defenses and fragment into millions of vials of crack. A good portion of these vials—you guessed it—end up on the streets of New York City.

And local law enforcement, in cities across the country, will—as always—be left with the job of cleaning up in the wake of Federal failures.

In a very real sense, local police departments have no more business dealing with drugs from Colombia or Iran than they do trying to shoot down Soviet cruise missiles.

The drug epidemic has reached sufficient magnitude to be considered a national defense issue, an issue whose resolution is clearly a Federal responsibility that continues to go unfulfilled.

Fortunately, the New York City Police Department does not shrink from the challenges that confront it.

When I began my stewardship of this Department, I took an aggressive stance toward drug enforcement and I have not merely sustained that position, I have increased my Department's response to drug trafficking and abuse in New York City.

In the proud tradition of New York's Finest, we have assumed a leadership role where other agencies either could not or would not perform.

And while I cannot say that law enforcement in general, or my Department in particular, will ever eliminate drug trafficking and abuse, I can state categorically that without our efforts, New York City would return to the open-air drug market it once was.

And until the Federal Government assumes the mantle of responsibility that is rightfully theirs, cities like New York will have to rise to the challenge.

Indeed, other municipalities may learn from our experiences since what happens here today is probably going to happen in Des Moines a year from now and it doesn't matter whether you're talking about break dancing, mini skirts or crack pipes.

Our response to the problems of drug trafficking and abuse is an attack on two fronts: Supply and demand.

On the supply side I have launched the most aggressive drug enforcement program of any police department in the Nation. I doubled the size of my Narcotics Division to more than a thousand members and established the first special anti-crack unit in the country which is now staffed by 214 members—and I should say for the record that all of this is paid for with New York City money.

By the end of 1986, the combined efforts of all units of my Department had produced more than 67,000 drug arrests. And these arrests, you should remember, do not include the thousands of other arrests made last year for rape, robbery, murder and dozens of other crimes.

One out of every four arrests made in New York City today is a drug arrest. This is the primary reason why the New York State Supreme Court will be taking special measures this summer. It will

have to if it wants to keep pace with the felony-drug arrest volume that my police officers are feeding into the criminal justice system.

Now, let me outline for you the special initiatives that led to these drug arrests:

In Pressure Point operations, target areas are identified because of extremely visible on-street drug sales. These operations are labor intensive and utilize massive buy and bust actions followed by "occupation" of reclaimed neighborhoods by uniformed patrol officers.

Since inception in 1984, Pressure Point has resulted in over 60,000 arrests and seizure of nearly $9 million in illegal drugs.

Padlock operations close premises deemed to be public nuisances because of their use in the commission of certain crimes, among which are drug law violations.

Since September 1984 there have been 852 smokeshops and other premises put out of operation; 14,555 individuals were arrested.

The Special Narcotics Abatement Program involves Narcotics Division undercover officers making covert drug buys and uniformed precinct personnel actually making arrests of the sellers.

This tactic allows the local commander a means of responding quickly to drug trafficking conditions while demonstrating to precinct residents that their uniformed officers are participating in the war on drugs.

Approximately 350 premises put out of operation.

Approximately 3,500 arrests.

May 1986, Special Anti-Crack Unit established—now consisting of 214 members.

Narcotics Division doubled to over 1,000 members.

Crack hotline established—over 56,000 calls received.

Approximately 10,000 arrests by SACU since May 1986.

Four canine/handler teams trained and operational.

This project helps make domestic interdiction possible at bus, rail and air terminals.

A vehicle confiscation program has been developed which provides for the arrest of a vehicle's operator when the vehicle is used in the purchase of drugs other than marijuana.

Initially this program involved DEA personnel. It is now primarily a NYCPD effort.

Over 500 vehicles seized since July 30, 1986.

It is an education program for out-of-State drug consumers who would shop in Washington Heights and elsewhere.

We have also devoted considerable resources to targeted areas within the City for special Quality of Life/Narcotics programs.

For instance, Operation Clean Heights focuses on the Washington Heights area of New York while our parks programs have targeted Bryant Park, Central Park and Washington Square Park.

In addition, we have special programs in housing projects where Housing Authority Police work alongside members of the NYPD Narcotics Division.

These are but brief descriptions of innovative drug enforcement work, but perhaps our proudest achievement concerning the drug issue is not in the area of enforcement but education:

The school program to educate and control drug abuse features uniformed police officers, often with a dual language ability, who

team-teach an anti-drug abuse curriculum alongside Board of Education personnel.

The program is offered in the entire New York City public school system and is recognized as a model for other municipalities.

It is hoped that time invested in fifth grades today will reduce the consumer market for illicit drugs tomorrow when students reach their teens.

I would like to thank Senator D'Amato for the opportunity to address you today, and I offer you my personal thanks for taking the time to visit New York City to get a closer look at the drug trafficking and abuse situation that America finds itself in.

I am sure you can readily observe that New York City has more of everything than the rest of the country, especially where drugs are concerned.

What I sincerely hope you do not miss, however, is that New York City also has more energy, enthusiasm and initiative than most other cities as well.

When a successful foreign relations posture is finally designed and implemented, you can look to New York City first to measure the success of that foreign policy.

If, somewhere down the road, you can say that a policy has been implemented and if, somewhere down the road, I can tell you that my undercover officers are finding severe shortages of cocaine, heroin and marijuana on the streets of New York City, the Federal Government will finally have succeeded in doing something about the drug glut. And I will be able to put my undercover officers to other tasks like the investigation and arrest of rapists, muggers and murderers.

Thank you.

Senator DECONCINI. Excuse me, Commissioner.

I take it from what you say is you have the best cooperative effort you have had in the recent history; is that a fair statement here?

Commissioner WARD. It is not only fair, but an accurate one.

I am an ex-New York City Police Director, and I was not a great fan of the Federal investigators. Now you can see what can happen when you have hard-working administrators at the top.

I believe that is a model for the country to follow. I, along with Attorney General Edwin Meese, have pointed that out.

In Newsweek I will point out to you what happended in South Los Angeles when you don't get on top of the crack problem. The public, a largely black socio-economic group, actually voted to hire more police officers to deal with the crack problem, and that crack problem has not gotten out of hand in New York.

We have put the resources in. We put them in and are——

Senator DECONCINI. Excuse me. And you have this cooperative effort?

Commissioner WARD. Yes, not only with the U.S. Attorney's office, but with the FBI and the DEA.

Senator D'AMATO. If I might inquire, we are deeply appreciative of your efforts and your movement to involve our State and Federal law enforcement people, our Federal people, and I have to say our U.S. Attorney, who is the pioneer in that area and who came

in and shook the establishment, and there are still many in the Federal court system who are not pleased with what he has done.

There is an absolutely essential rule, and it is a Federal responsibility, and you cannot abdicate that when it comes locally, because there are problems of all crime attendant to it.

There is the standard set as our FBI and DEA people who should be emulated.

I would hate to think what the situation would be like today as it relates to Federal resources were it not for Arnold Burns.

He is tireless. He has been a promoter of providing additional resources. He has taken on the battles. I will get him in trouble by saying this, with OMB and others, and now that I have said that, he will be called on the carpet for it.

If not for his efforts, we would not be as successful in providing our Federal agencies and the U.S. attorneys throughout the district with the ability to do what must be done.

We are sadly lacking in the types of priority that should be put forth. I suggest that we need much more in that area.

This is certainly not criticism of Mr. Burns, nor do I ask him to respond, because that would be unfair on my part. He has done a yeoman's job.

My own observation is that we should be doing more and that Washington may begin to recognize it, and that is why there are those, my colleagues who feel that it is necessary to bring it out, someone, an agency or a group or a force of point to say that we will prioritize this battle on drugs.

I have to respectfully disagree with my dear friend, Arnold Burns, as it relates to the necessity of bringing this about. I see some of the problems in the legislation as it relates to cabinet officers coming to someone, and they should come to the President with it, and under the office of the President. By God, there should be someone who has that ability and who can really mobilize that, and it is not being done.

The Attorney General's counsel, notwithstanding, absolutely is failing to do it.

It is—I remember when he first came in office he said—we were winning the battle against drugs.

I asked: "Why are you going along with this cut of 350 DEA agents?"

And he said, "We are winning the battle."

The Attorney General may regret saying that.

Mr. BURNS. I would like to have the opportunity to comment.

Senator D'AMATO. No, I will not permit you to comment.

The reason I won't is because you must adhere, and I understand that you are a great advocate for those of us in the law enforcement community. I want that to be underscored.

You have been tireless, and I would hate to see what would happen if it were not for Arnold Burns, who understands the roles of the dedicated men and women fighting for the resources, who find it so difficult to undertake that job. I have to tell you that our administration has done better, and there is not doubt about that. But have a long way to go.

Representative GILMAN. I want to commend, first of all, Commissioner Ward for the great work that he is doing here in the City of New York and for his comments with respect to some of the needs.

As we go around the country conducting hearings in one city or another, we find that one of the greatest needs is more resources to assist those municipalities that have severe budgetary restraints and cannot put the men out on the street and cannot provide for the jail space and the court personnel that are needed to do the job.

How do you feel about the constraints here in your own area? Are you able to work within your own budgetary constraints, or do you recommend certain areas that require Federal intervention?

Commissioner WARD. I believe that this problem is so massive that it should be—and the fact is that law enforcement agencies historically compete with each other and keep secrets and don't cooperate.

What is going on in New York is atypical. I believe for a period of time the drug Czar is limited and put a fixed limit on the five or four years, some arbitrary limit that maybe overlaps a presidential term, and because of the urgency of the problem we will put the Czar in place, and he will report directly to the President for X number of years, and Congress will review it again and see whether it is okay to go back to Customs, DEA, FBI or whatever.

The coordination does not exist. New York City is probably the—I am being adequately funded now in the proposed budget to deal with the local law enforcement.

I don't have enough money to make the kind of undercover buys that lead to the kind of cases that are displayed on the board to my right.

Were it not for the cooperation of the U.S. Attorney's office and the FBI and the DEA, many of those cases would not be able to be made by the New York City Police Department.

We handled the Bamboo Curtain cases in which a shipload of over a hundred tons of pure heroin were going to be shipped in from the Golden Triangle and give us 10 kilos to test it out at no charge.

One of our undercover officers infiltrated and cut his finger and bled into the glass of wine and drank the wine. That is above and beyond the call of duty.

That kind of money is not available, and the New York City Police Department constantly has to go to the Federal Government.

I might add that Bob Stutman is not that much better off, since he has to come to the State prosecutor to get money as well.

Representative GILMAN. Doesn't some of the seizure money that you picked up, can't that be utilized for buy money?

Commissioner WARD. Yes, it is slow in coming. There is about $3 million in the pipeline that will come to New York City. We have actually received $500,000 of that so far.

It comes in rather slowly through the confiscation process. It is slower, particularly on the Federal side, because of the bureaucratic side of converting the title of the cars to us. The willingness is there, but the funds are not.

On the local level, and the funds that are received and the bulk of the cases seized in Federal courts and not the State courts, I believe that it should be that money that is seized by local enforcement ought to be churned back into law enforcement, drug-related kinds of areas.

$37,000 of the seizure money out of the omnibus crime control bill went to make a film in our school program which is being copied and given to the cities all over the country. Boston and Newport News is using it. They just changed the top.

Representative GILMAN. Thank you.

You might look into the possibility as you work on seizures in working with the DEA, of arranging for a direct refund through DEA back to local law enforcement.

I would like to address a couple of questions to Mr. Burns.

Touching on the drug Czar, and while I recognize that you are expressing the view of the administration and the view of the Attorney General, we hear case after case of one turf problem after the other where one agency is stepping on the toes of another agency.

For example, the recent Customs battle where there eventually was a treaty, and where there is difficulty as to the interchange of information between the agencies, despite the fact that we have a high-level working group that meets.

The Attorney General has come before us and told us time and time again about his other responsibilities and so cannot provide 100 percent of his time to drug coordination, nor could Steven Trolt devote 100 percent of his time.

The President has stated that it is a national security concern.

The problem is serious enough where the amount of drugs coming into our country and their impact on our young people has large amounts of money being thrown at the problem. Yet it is not getting any better, and I think that it is time that we had somebody who could devote their full time and attention to coordinate the program in order to bring about results.

I am very concerned over what you have stated, that this cannot make the problem any better. I hope that you take a good, hard look at this proposal.

There is very strong sentiment in the Congress to move in that direction, because we want to try to get a more effective approach to the problem.

Senator DECONCINI. When you brought up the statement that the Deputy Attorney General said it could be worse, I don't know how it could be any worse. There are four GOA studies that say that it has not worked.

The Office of Technology Assessment report, states the same conclusion, and it took 6 months to get an APS 138 radar through the Defense Department and 4 months to get a couple of E2-C airplanes assigned.

I am happy with you because you finally picked an agency to lead the interdiction effort. We have waited around here for 6 months for somebody to say maybe there should be one single agency in charge of interdiction.

We don't want to disturb anybody. We have to work this through the Policy Board.

Damn it, it is time that somebody takes charge. The Attorney General is in charge of the Policy Board, and he is very, very slow. I don't appreciate that and I respect it when you say that it could be worse, but I don't know how much worse it could be.

Maybe we wouldn't have the APS radar or the decision of the active coordinator.

Mr. BURNS. I want to point out that we are getting very interesting mixed messages here.

I think that Commissioner Ward has given eloquent testimony to enormous successes that have been achieved under the leadership of the Drug Policy Board.

Let me give you an example: He talks about what is a paragon of law enforcement cooperation here in the City of New York. We are talking about cooperation between our State and local enforcement authorities and with our Federal authorities. DEA, FBI, under the leadership of Tom Sheer and Bob Stutman and U.S. Attorney Giuliani.

He mentioned in passing that this is atypical. I want to correct the record; this is very typical of what is happening across the U.S.A.——

Representative GILMAN. We are not criticizing the local law enforcement effort.

We are concerned when the Coast Guard has to fight with Customs about who has jurisdiction and going off in different tangents.

We are concerned about bringing all the agencies together in a coordinated effort.

Mr. BURNS. It is highly laudatory and exactly as it should be.

I mentioned the cooperation between State and locals to set a precedent to permit me to address the cooperation among Federal agencies.

It is better today than ever in history. The fact that there are glitches in putting this together does not deter from our dedication to the effectiveness of this effort.

Senator, you above all are familiar with Operation Alliance. It is one of the greatest examples of putting people together——

Senator DECONCINI. Don't just rely on Mr. Keating remarks. Go down to Arizona and talk to Sheriff Judd and Sheriff Dudnick and Sheriff Phipps along the border you will find that it is falling apart right underneath you. Be careful.

Mr. BURNS. The point is that we are down there and have worked out coordination to help solve the problem.

What I am urging against is going back to square one. We are making progress.

We have, as I noted in my opening remarks, we have recorded some marvelous returns and successes. We need the opportunity now to continue without turning the clock back and putting a whole new bureaucratic machine in place that has to be revved up and has to get started and reinventing the problems. I urge you not to do that.

Commissioner WARD. May I comment, since he began with commenting on my talking about the cooperation that we have here in New York?

I believe that what happens here in New York, even with the cooperation, is part of the problem. For the longest time the FBI

would only deal with heroin and would only assist with that. The FBI did not deal with cocaine.

The DEA dealt with the cocaine, and we have at least one case that comes to mind where the heroin was paid for by cocaine, and the idea of having one agency deal with only one contraband and the other Federal agency dealing with the other contraband is part of the problem where you don't have somebody at a higher level with respect to the drugs and the interchange of the drugs.

Somebody has to coordinate the information and bring it together. We are doing it better at the law enforcement level.

Senator DECONCINI. I am going to read into the record several questions and ask Mr. Burns if he can respond to them for this record.

It has been 2 years since the torch murder of DEA agent, and Mexico has not convicted anybody with respect to that.

Can you tell us what kinds of pressure is being applied to Mexico and with respect to the MLAT treaties with Mexico and the Bahamas, what is being done?

Also, a serious concern that I have of law enforcement is to the chemicals used in the production of heroin and cocaine and other illegal drugs, and I plan to introduce a bill put together by the Justice Department, and I would like to know what type of results could be expected from strengthening our guidelines on the availability of these chemicals.

Mr. BURNS. I will be happy to do that.

Representative GILMAN. I would like to add a few questions to have the Attorney General answer, also.

No. 1, we had found so many areas where local law enforcement agencies have asked for additional resources that in our major omnibus drug bill of 1986, we provided funding for local law enforcement agencies and were cut back quite a bit.

I and Congressman Rangel have fought this. We welcome your taking a look at that and express to us whether or not you can support additional funding for the local law enforcement areas where they have these great needs out there and to address the problem.

In addition to that, there is a significant problem with respect to extradition.

You stated that we are doing better and the Colombian Chief Justice told us that we have a problem down there.

We welcome a report on the status with respect to extradition. I know that we got one of the major drug traffickers a while ago. We have a serious problem with the extradition out of Colombia and out of Mexico.

I would welcome your comments.

Mr. BURNS. You shall have them.

Senator D'AMATO. We thank you for your testimony.

Commissioner WARD. Thank you.

Mr. BURNS. Thank you.

Senator D'AMATO. I call Mr. Giuliani.

## OPENING STATEMENT OF HON. RUDOLPH GIULIANI, U.S. ATTORNEY, SOUTHERN DISTRICT OF NEW YORK

Mr. GIULIANI. First of all, let me commend you on holding this hearing this morning.

I don't think that there is a graver problem that faces not only this City but the entire coutnry than the problem of drugs and drug abuse.

Last year there was a great deal of focus on this problem. This year there is not that much.

All of those having a true and sincere interest in the problem are still pushing very hard to have the problem resolved. It certainly is not a simple problem, and nothing that any of us will say this morning should suggest that there is one, two or three solutions.

What we will offer is by way of example as to the kinds of things that can be done in a positive way to reduce the problem of drug dealing, drug importation and drug abuse.

I was an Assistant U.S. Attorney 15 years ago. I can remember working on drug cases and being absolutely awed by the ability of the drug dealers to bring drugs into the U.S. from thousands and thousands of miles away with a distribution network that could challenge that of any American corporation.

Literally hundreds of people had to get together in order to get the heroin or the cocaine into this country.

The efforts on the part of the Federal, State and local governments were not nearly as organized as the criminals who were making billions of dollars in selling this poison.

In the last 4 or 5 years, law enforcement has become considerably better organized than it was a decade or decade and a half ago. We are now as organized as the groups that we are prosecuting.

The case that we will use as an illustration, the Pizza Connection case, is a case that could only have been put together based on not only very strong cooperation amongst the domestic law enforcement agencies, but also with the foreign countries and particularly Italy.

The cooperation is excellent at the top level and excellent at the middle and working level agent to agent.

Senator D'AMATO. Would you say that the kind of relationship that has been developed, U.S./Italian relationship in terms of organized crime should serve as a role model?

Mr. GIULIANI. It is an excellent role model. I cannot think of a relationship at all levels that is as close.

Much of the evidence and many of the theories and a great deal of the help that we received in the Pizza Connection case came from the Italian authorities at all different levels, and the other Federal agencies here, FBI and DEA, have cooperated fully with the Italian government. There is no doubt that much more of this has to go on in the future.

About 6 years ago in 1979–1980 the DEA estimated that well over 50 percent of the heroin coming into the U.S.A. came through the Sicilian connection, and some of the American organized crime families. I don't know what that percentage is today, but it is far less.

That is really due to the cooperation between the U.S. government and the Italian government to reduce this particular form of drug importation and distribution.

Like anything else, that is the plus side of the story. The minus side of the story is that the heroin trafficking has not ended. There are many other organizations now filling that void, organizations from other continents and different countries posing their own problems. As to these organizations we don't have the same level of intelligence as we do on the American Mafia and the organizations that have been in existence for many, many years.

When we speak of this particular case, we are offering it as an example of what has to take place in South America, Asia and Africa, the places becoming ever-increasing sources for heroin and cocaine.

There certainly is a lot the government has to do in the area of drug enforcement, be it drug enforcement, education or drug reduction, and a great deal has to be done in foreign policy and at the border.

I have to observe there is another area that sometimes doesn't get enough attention but deserves it—reduction of demand. As long as Americans spend a hundred billion dollars on heroin, cocaine and marijuana, no matter what any of us do, there will be little reduction. We must change the minds of those who now buy drugs and educate them properly on the dangers of using drugs.

We have to get the private sector heavily involved in demand reduction. Poeple have to be held accountable for using drugs.

Whether it was ever valid to look at the user solely as a victim, we now know that the use of drugs is not a victimless crime. This is an inter-dependent society, and what one person does creates a burden for another person.

Private institutions, universities and others have to take this issue more seriously and encourage people to seek treatment, and after that period of time is over, people have to be suspended from playing ball or be expelled from universities, because we have to protect the innocent people who are tempted by their peer groups and peer pressures with respect to drugs.

We don't believe that law enforcement can solve this problem. At most, we can keep our finger in the dike.

It is a privilege to be with this panel because it is their work that has disrupted a major organization involved in the distribution of heroin in the City of New York.

The $50 or $100 sale of heroin, you might say that is a small, unimportant case. That case has a vast, gigantic history behind it. It is the end result of a very, very complex group of conspirators who have worked together and are making billions and billions of dollars, and it is these people seated at this table who unraveled that and brought to justice for the very first time in an American court the highest-level members of the Sicilian and American crime families.

I will ask Dr. Falcone to make his statement. Dr. Falcone is an investigating Magistrate in Palermo.

In the beginning of the investigation, we learned that he was conducting a parallel investigation in his city of the same Mafia-

76-152 ) - 87 - 3

run smuggling organization that was operating in the United States.

We began at once to work closely with him and Dr. Falcone helped coordinate our cases and prepared the maxi-trial where over 300 defendents are at trial.

He convinced the Bushetti defendants to cooperate not only in Italy but here in the United States. He is a man of extraordinary capability and courage.

It is one thing to be engaged in the investigation and the prosecution in the United States, and it is another where the rules of the game in Italy are very, very different.

It takes a man of extraordinary courage and dedication to do what he has been able to do.

Senator D'AMATO. Dr. Falcone, let me say that we echo the remarks of our U.S. attorney. We congratulate you for your courage and your brilliant prosecution of the criminal enterprise that has brought so much harm to both of our countries.

We are privileged to have you testify here today.

## OPENING STATEMENT OF HON. GIOVANNI FALCONE, MAGISTRATE, PALERMO, ITALY

Dr. FALCONE. I am truly honored. I am very, very grateful for the opportunity that I have been afforded to appear before your esteemed Commission.

I would also like to underscore my gratitude for the combined efforts of our governments in the prosecution of drug trafficking at an international level.

I should like to begin by expressing my thanks to Mr. Giuliani from the U.S. attorney's office in the Southern District of New York as well as to his staff.

It is thanks to their tireless efforts that a major blow has been dealt to the Cosa Nostra, an organization as it must be well known, that is responsible for the movement of drugs in Sicily and out of the island.

It is important for me to underscore one element which I consider new is that we have understood that the drug trafficking involves only one of the operations that the Mafia is involved in.

Bear in mind should we limit our efforts only to drug trafficking and not to the entire operational activity of the Cosa Nostra, we would be making a very serious, very grevious blunder.

The only thing we have to do is examine up close the course of the Pizza Connection trial so that we can understand in order to achieve when there is full collaboration of different agencies, not only at the national and State level but also at the international level as well.

In a sense, it all began when American authorities in the United States started to take a close look at Mafia members whose roots and whose activities could be traced back to the Mafia in Sicily.

At the very same time, simultaneously, Italian authorities in Sicily were conducting a series of negotiations having to do with Mafia activities and not limited to drug trafficking but to a number of killings that had been related to the same area at the same time.

It would be very difficult to summarize the operation that was of an almost unbelievable complexity, but let us indicate that at the very same time, simultaneously, that certain investigations were taking place in the United States, the movement of narcotics, certain laboratories for the refinery of narcotics were being uncovered in Sicily.

Authorities in the United States and in Italy were combining their efforts. Their efforts had a dual objective. The objectives were to identify the sources of heroin bases, and at the same time, to find channels through which the money that was being paid for drugs, originated.

At this juncture, it is only fair to recognize the Swiss authorities who we know are bound by the confidentiality and were prepared to cooperate and allow us to use documentary material that could be used as evidence besides testimony.

The governments of Italy and the United States were able to reach an accord because indeed, the complexities of the operation was recognized and the necessity for complete collaboration was finally brought forth.

Certain trials, each one of extraordinary significance and Mafia-related were finally started after a very laborious process requiring years and years of investigation from agencies in both countries.

The Pizza Connection trial was undoubtedly a very unusual trial, if for no reason other than its extraordinary length.

At the end of the trial, virtually all defendants were found guilty, but it is not only the matter of the length of the trial, but it was a test of the extraordinary scrupulous attention to detail by the people involved in its prosecution.

I should like to say that the contribution made by the Italian police authorities to the trial was significant, noteworthy.

During the trial, not only was the testimony heard by Tomasso Ducharte, but approximately 25 Italian police officers were able to testify and bring evidence that has been acquired in their country, and representatives of the court traveled to Milan together to gather evidence and hear testimony.

In Florence, Rome and Milan, several trials were started and tried given the same probatory evidence that had been obtained.

In those same trials, virtually all defendants were found guilty and sentenced to very stiff penalties.

At the present time it has almost come to an end, a trial in Palermo, the people being tried are 475, virtually all of them are members of the Cosa Nostra and involved in drug trafficking.

I should like to express at this time my opinion based on the experience gathered in the last few years, and I would like to indicate that I think we ought to be able to utilize and we must memorize for the future.

The type of cooperation that is being achieved at an international level, particularly between the United States and Italy, certainly could not have been thought of even in the very recent past.

I would like to applaud that and note the excellent results that were achieved, but as on one hand we applaud and are delighted to hear that Mr. Richard Martin will be in Italy as a representative of the Justice Department to offer assistance and guidance where needed, I would like to point out if having underscored the excel-

lent results achieved up to this point, and think that the Mafia has been weakened and has been dealt a mortal blow, we will be making a serious error.

As a matter of fact, the leading figures in Cosa Nostra, in spite of the fact that the warrants of arrest are out, are standing around free and not in custody, and countless members of Cosa Nostra have not yet been identified.

What we have ascertained is that in spite of being diversified at the very same time, Cosa Nostra in Sicily is a single, centralized organization.

As for Cosa Nostra in the United States, although there may have been some differences in structure and in formal characteristics, it is basically fundamentally the same type of organization and is closely tied to the Cosa Nostra in Sicily. So much so that the most dangerous criminals belong to both organizations in the United States and Sicily.

Deep inside, I don't believe that the situation in terms of narcotics traffic has improved that much. Whereas on one hand we all agree that there has been increased usage of cocaine, I by no means say that there has been an increase in the sale of, use of heroin.

What has been established on the other hand is new ties between the Mafia connections in Sicily and the connections in Marseilles as far as the shipping of and the movement of drugs to the United States.

In a very recent, very important trial, the Mafia has been tried in Sicily, what has been ascertained is a tie between the United States and Sicily for the movement of heroin, and from that trial and from the prior investigation, a lot of couriers that made the shipping and delivery possible were apprehended.

There is another trial that has not been created in Italy, and during the trial other sources of narcotics have been found relating to Venezuela, Thailand, Canada, Italy and the United States.

There is something I would like to bring to your attention at this point. Back in the seventies, the Mafia was deeply involved in tobacco contraband, and not much attention was paid to that at that time.

What happened at the time is that in the course of the tobacco smuggling, what the Mafia did was to establish an international level and network for the distribution of drugs which became very handy at a later date.

The very same people that we had become familiar with, people from Bulgaria, Turkey and Greece, people that we knew at the time of tobacco smuggling and the same names have come up to our attention, the same names that we knew before.

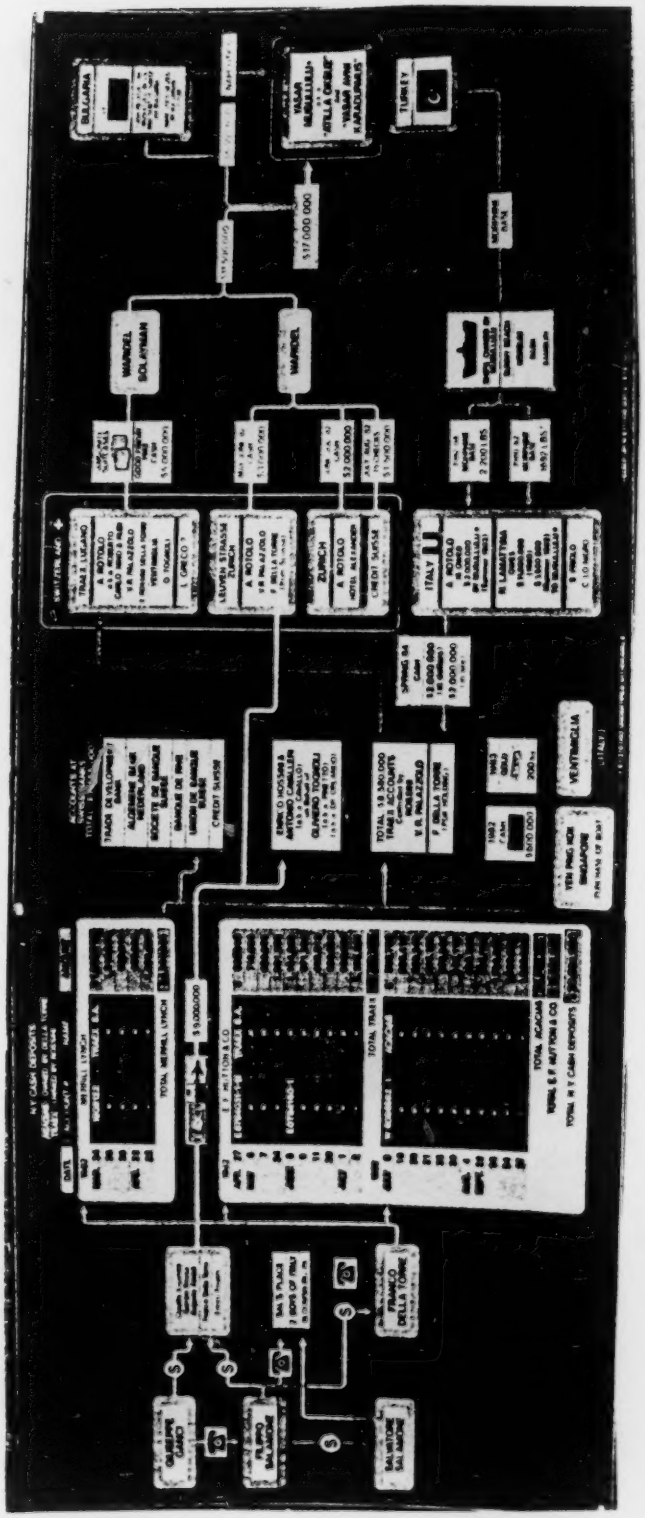
Let us remember that should the Mafia decide to start dealing in a different product and get themselves into a different activity, they will have a highly functional and functioning structure in place.

Please allow me to bring this to the conclusion by saying that if we want to wipe out the Mafia, under no circumstances can you engage in the type of investigation carried out in a superficial level and hastily, nor should operations at the police level be conducted with an eye to sensational results and again to speed.

The results we are seeking will only be obtained once, not only the resources are committed, but once we understand that we need resources, highly expert people involved in the operations, but above all, we have to be willing to take the time required.

Mr. GIULIANI. If I may, I would like to ask one of the people involved in the Pizza Connection prosecution to very briefly describe the chart to you so that it will give you an overview of the conspiracy.

[The chart follows:]



Mr. FREEH. This is a case which started in 1980, and the defendants were convicted here in March, yet to be sentenced. Sentencing is still in abeyance until the end of this month.

It may be difficult for you to see the chart from here.

Pointing to the large chart, basically we have a scenario proved at trial that tracks the heroin from its source countries in Asia to the United States, and the flow of money that returns, that is the narcotics proceeds.

Back in the sixties, the Mafia in Sicily sent to the United States people like the defendant, Mr. Ganci. He, along with defendants like Mazzara, were given the special task of coordinating the importation of heroin, and Ganci, before trial, and Mazzara was killed during the course of the trial, and another was shot right here in New York City during the closing of the case.

The case illustrates the violence that Magistrate Falcone talks about and faces every day in Italy.

The raw morphine product, base products come basically from Iran, Afghanistan and from Turkey. From people like Yasar Musullulu, who is now a resident of Bulgaria, and was a broker.

The morphine base was sent by ship to the clandestine refining labs in Italy. Once in a while, one of the ships was taken by the Bulgarian Customs officials and what we find was that the Bulgarian government would warehouse the material and in some cases refine heroin, and in some cases morphine base.

They would sell it from time to time directly to the Sicilian lab refineries. They would sell it for dollars and currency which their country needs.

They would arrange to be paid part in money for the morphine base from dollars which were collected over here in the United States which made its way through Switzerland to Bulgaria, and specifically $5½ million which were collected here in the streets of New York from dope addicts and then sent back to Bulgaria to enhance that government's objectives.

Narcotics would be sent from the Bulgarians to people such as Yasara Musullulu, who in turn would sell them directly to the Sicilians.

We documented in this case alone $60 million between 1980 and 1984 which were collected as heroin proceeds and sent to Switzerland, Sicily and back to Bulgaria and Turkey.

In Turkey, part of the proceeds go to rebels there, Communist terrorists and people involved in trying to overthrow that government.

The Turks are anxious to cooperate with us to gain access to witnesses that we would not ordinarily have.

After being refined in Sicily, the morphine base, and we documented approximately 4,000 pounds between 1980 and 1984, which has almost a direct conversion rate to pure heroin. The morphine base acquisition process was controlled by Rotolo.

The morphine is then refined to heroin, sent to the United States, sent directly to people like Ganci, and Catalano, who was convicted here in this District after the 17-month trial.

$20, $30 up to $60 million was then collected in fives, tens, and twenties, collected in briefcases and suitcases which rode around New York City from time to time in taxicabs and found its way

through the houses of Merrill Lynch and E.F. Hutton on its journey back to Switzerland, back to the Sicilian Mafia and back paid to the brokers in Bulgaria.

One third of the $60 million went through Merrill Lynch and E.F. Hutton. Merrill Lynch, between March and April of 1982, took in $4.9 million in cash from people like Della Torre, and in 1982, Merrill Lynch began to be disturbed by the fives, tens and twenties of dirty dog-eared money coming to them by people like Della Torre walking in off the street in taxicabs with suitcases filled with cash.

In April of 1982, Merrill Lynch politely and firmly asked Della Torre to leave. Merrill Lynch then reported that to the FBI, which at that time had no record on Della Torre, and that is the reason he was chosen by the Mafia and the bankers in Switzerland to perform his task.

At that time the conspiracy through its leaders in Sicily switched their accounts, and took the business from Merrill Lynch to E.F. Hutton.

Approximately $15.6 million in the same form of currency went through the E.F. Hutton account between April and September of 1982 and was transferred to the Swiss account.

On Good Friday in 1981, $5 million of the money went from Rotolo directly to Waridel and directly back to Yasar Musullulu.

In September of 1982, the FBI working with Customs discovered that Della Torre was depositing that $15.6 million into these accounts at E.F. Hutton.

At that point, the U.S. Attorney's office issued a subpoena to E.F. Hutton, a subpoena which specifically requested the information with respect to those accounts.

Along with the subpoena we sent them what is called a non-disclosure letter which is a letter telling them that the matter is under an active investigation, and please do not notify the client since that would interrupt the investigation.

E.F. Hutton immediately notified the client in Switzerland. The notification was done in part by a senior executive, Mr. Arnold Phelan, who still works for E.F. Hutton today.

The notification was done specifically against the instructions of the office of the U.S. Attorney.

Senator D'AMATO. Was there any action taken against Mr. Phelan, or did he violate any law?

Mr. GIULIANI. No action has been taken against him that I know of.

There is no determination yet that he violated any law. He acted differently than many others would under similar circumstances, particularly very differently than the way Merrill Lynch acted, which was quite responsible in keeping confidential the nature of the government investigation.

Senator D'AMATO. Just as an aside, and I don't want to detract from this topic, but I would be interested in getting from you or from your assistant as to this request for confidentiality, and I don't believe that there are any penalties that may exist at the present time.

Maybe that is an area of the law that we should seek some legislation on. I am wondering if you would so inform us along with any recommendations.

That is an amazing revelation. This is the first time that I am aware of that taking place.

Mr. GIULIANI. We will do so.

Mr. FREEH. We learned during the course of the investigation, specifically in Switzerland in the summer of 1985 through the outstanding cooperation of the Swiss Magistrates, we were able to depose witnesses in Switzerland which we ordinarily would not have access to.

Mr. Della Torre was one of the deponents. During the course of his public deposition, which was introduced at trial, he testified that at approximately the same time when E.F. Hutton and Mr. Phelan were processing $15.6 million, Mr. Vito Roberto Palazzolo instructed Mr. Della Torre to give Mr. Phelan a $15,000 watch, which was given to him during the course of this money-laundering activity.

Senator D'AMATO. And Phelan has not been indicted?

Mr. FREEH. It is a matter that is the subject of continuing investigation.

Senator D'AMATO. I would hope so.

Mr. FREEH. Some of the proceeds went back to Italy in the form of gold bullion, when it was cumbersome to transfer larger amounts of dollars from Switzerland back to Italy.

The far end of the chart is simply illustrative of the locations in the United States where the dollars were collected and exchanged into larger amounts of money.

You can see from our maps here in the corner, and I don't know if the lighting in here permits it, but there are many, many locations through New York City and New York State and the metropolitan area where the dollars were collected.

On the international map we simply highlighted the areas around the world where this conspiracy operated so effectively over the years, and the reason for that is because of people like Della Torre, the bankers like Phelan and the Mafia in Sicily who were all actively involved in a network that was protected and guaranteed by the Mafia.

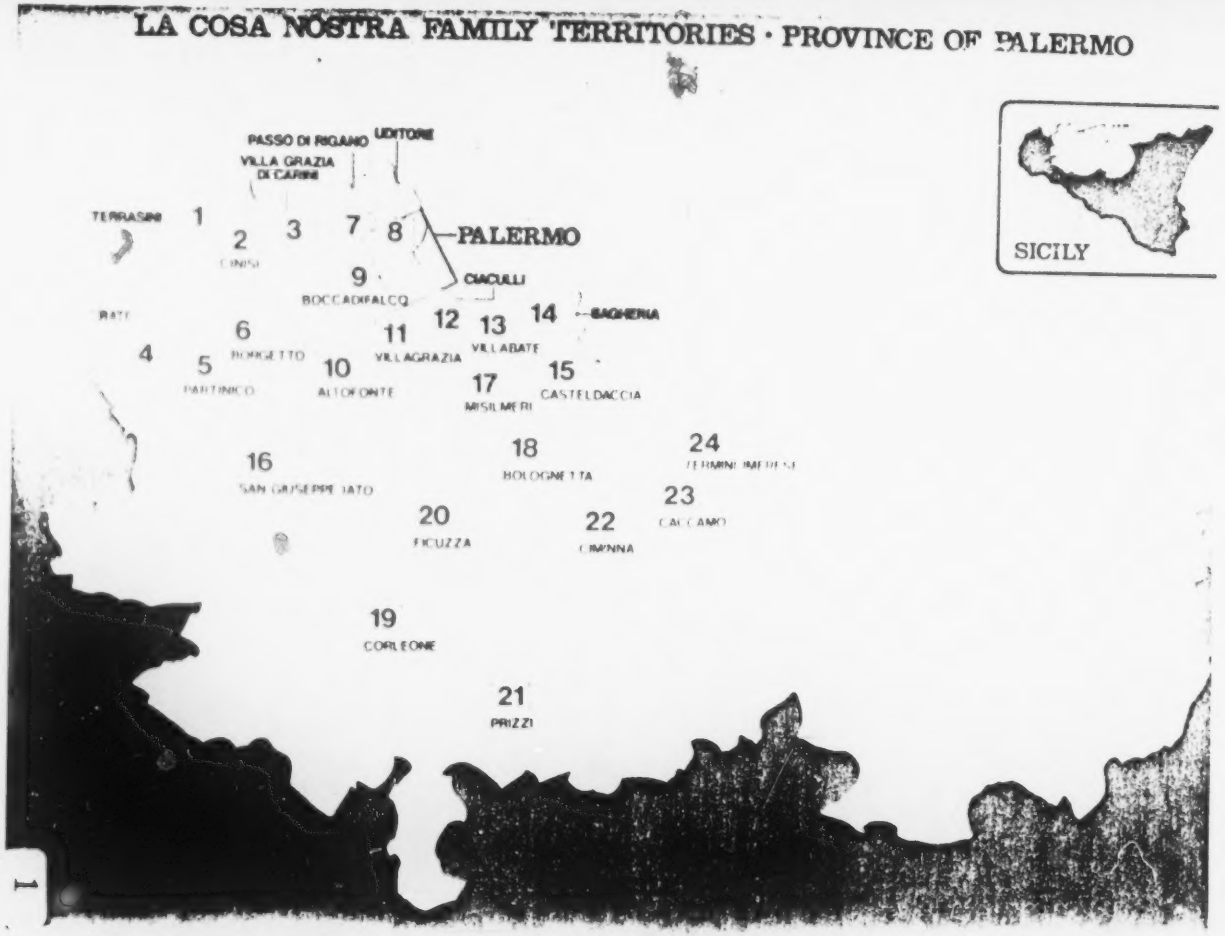
What Magistrate Falcone faces in Sicily, as the chart here exemplifies, twenty-four different towns around the island of Sicily, and in this case strictly in the town of Palermo where the families are entrenched.

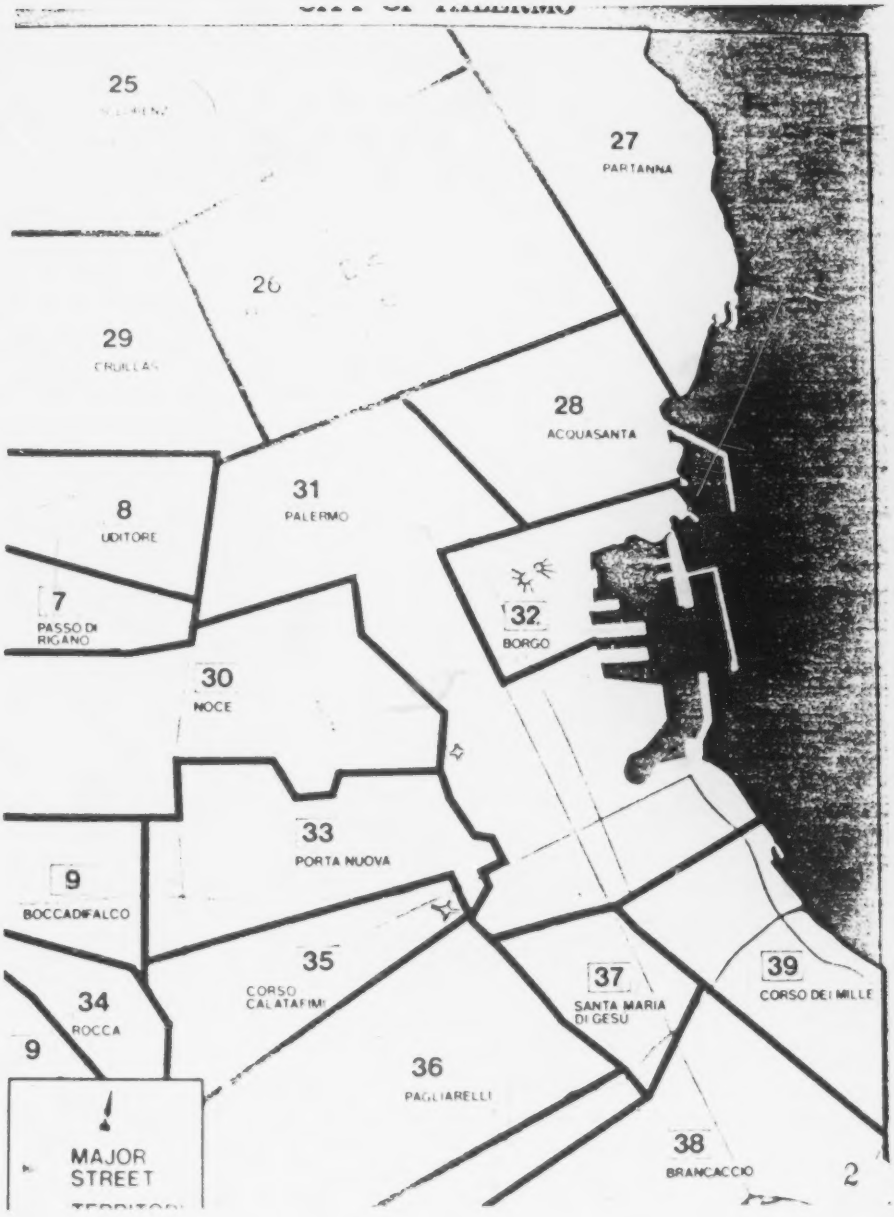
Palermo itself is divided up by the Mafia families. Each particular neighborhood here has its own families and most of our defendants came from those families and operated here secretly for many, many years until their convictions in March of this year.

Unless the panel has any questions, that is all I have to say.

[The aforementioned maps follow:]

# LA COSA NOSTRA FAMILY TERRITORIES · PROVINCE OF PALERMO

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NOCE
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PORTA NUOVA
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BOCCADIFALCO
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CORSO CALATAFIMI
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ROCCA
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37
SANTA MARIA DI GESU
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CORSO DEI MILLE
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PAGLIARELLI
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BRANCACCIO
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MAJOR STREET

Representative GILMAN. I would like to ask about the Bulgarian connection.

You say that the Bulgarian police interdicted the shipment and warehoused it?

Mr. FREEH. Yes, in the depositions in Turkey and in Switzerland, we received information that the Bulgarian government was taking it and warehousing it, and it is heroin which is sold specifically at the government's request.

Representative GILMAN. These are government sales and not individuals corrupt——

Mr. FREEH. As far as we know, it is the government itself.

As a result of that, Musullulu became a fugitive and ran to Bulgaria where he now lives in a villa outside Sofia, the capitol.

Representative GILMAN. What did Bulgaria respond?

Mr. FREEH. I did not do that myself. I don't know what is being done in that regard.

Representative GILMAN. I believe that we will be able to get some information from Ms. Wrobleski.

Where was the Turkish product coming from?

Mr. FREEH. Afghanistan and Iran.

The police there told us that morphine base as well as refined heroin was coming over the Iranian border.

Representative GILMAN. What about Turkey, that was supposed to have suppressed all illegal production of narcotics?

Mr. FREEH. It is not eradicated, but it is substantially reduced from several years ago.

The Turkish police who cooperated with us are doing, to the best of their ability, a very effective job.

Representative GILMAN. Thank you.

Senator D'AMATO. Let me say at this point that you have done an absolutely outstanding job, Mr. Giuliani has indicated to me, and we go back to 3 years ago when we went to Italy together, and were it not for your dedication, the hours, weeks, months and years, we doubt that we would have had the kind of success that we have had in this case.

Was the Cintex Corporation involved in this Bulgarian trafficking?

Mr. FREEH. Not that we know of.

The $5½ million was somehow transported from New York City to Switzerland. Cintex is operating in New York City, but we have not been able to determine the precise method, by which the monies left the City.

Mr. GIULIANI. If you will look at the chart, when you see those numbers under E.F. Hutton such as $653,000 and $1.3 million, that was money being brought in cash and in 5 and 10-dollar bills by people coming out of taxicabs.

Also I am reminded by Mr. Sheer, in paper bags and athletic bags as well.

Merrill Lynch, when they became suspicious, threw them out as a customer and reported it to the FBI.

However, E.F. Hutton did not report it and when asked to keep it confidential, did not do so.

Senator D'AMATO. What I find shocking, and I am sure of necessity, that this highlights where you have one individual, Mr.

Phelan, who still works for E.F. Hutton, who is the individual who apparently went public and notified them of the investigation where $20 million flows through, and the testimony that he received a watch worth $15,000 and is still working there, I will tell you that we are going to make this the subject of a Banking Committee hearing as well when I return.

I will request to bring in E.F. Hutton on the other side to find out what is going on as well as the criminal side, where you may have more difficulty in proving beyond a reasonable doubt.

That is incredible that they will allow a man to still be working for them.

Mr. GIULIANI. Tom Sheer, in charge of the FBI in New York, was directly responsible for the supervising of this investigation. Before he ascended to the exalted position of the head of the FBI here in New York, he was on the line making a lot of tough decisions.

Representative GILMAN. If I might, what was the total amount of product that was being sold annually by this organized group?

Mr. GIULIANI. It would probably be impossible to say what the total amount was. It certainly reached into the hundreds of millions of dollars.

The entire——

Representative GILMAN. Hundreds of millions each year?

Mr. GIULIANI. The Sicilian Mafia connection was responsible for well over 50 percent of the heroin coming into this area. It is just an astronomical amount of heroin coming in through this network.

As the Magistrate has indicated, although a good deal of it has diminished, it still is responsible for some of the importation of heroin into the U.S.A.

Representative GILMAN. Are you saying that there is over a hundred million a year?

Mr. GIULIANI. Maybe Mr. Martin can tell you. He said much more.

**TESTIMONY OF RICHARD MARTIN, ASSISTANT U.S. ATTORNEY**

Mr. MARTIN. If you calculate the figures of heroin base at $13 million and $60 million, purchasing a vast amount, then $60 million of the quantity must be a very minute fraction of the monies being generated by the sales.

That is $60 million that is only being returned as profits to the investors in Sicily and paid to the suppliers in Turkey and Bulgaria, and the fraction you see there is a very small part of what we saw.

It is not as though the $60 million is over the 5 years, but that represents a period of 3 years.

Therefore, to just do a calculation, the value of the amount of heroin described is easily in the billions of dollars.

Senator DECONCINI. Are you going to touch on how the drugs got into this country?

## OPENING STATEMENT OF THOMAS L. SHEER, ASSISTANT FBI DIRECTOR, NEW YORK OFFICE

Mr. SHEER. Yes, I will.

I think that what we are presenting to you today is not a story about the Mafia but about drugs in the United States. We have finally realized that the Mafia is a secret society dedicated to criminal activity purely and simply.

Any fragmented approach that we make towards trying to that Waterloo within importation and distribution or any other criminal activity committed by the Mafia not looking at it in its entirety and directing our attention to the Mafia itself will be tragical mistake that we in law enforcement cannot afford to take.

I would like to proceed by describing a rather long and laborious process that the FBI has made on its attack on the Mafia. Our record is not that perfect and only since the turn of the eighties now we have understood what the Mafia is and the only way to attack it is to look at the scope of its activities.

In that sense the Pizza Connection case was a natural for the FBI. The product has demonstrated that. I am sure that you have a series of questions and then I will turn it over to Frank Storey who can explain to you the familiar approach that we are taking.

Senator DECONCINI. Can you touch on how the heroin got into this country?

Mr. SHEER. Yes, if we can go on a different angle that would be the best way to respond.

Senator D'AMATO. The Pizza Connection case would be a tremendous model for international cooperation in narcotics cases. Is this the first successful conviction of Cosa Nostra family?

Mr. SHEER. Yes, we have other cases but nothing as large as this scope. The thing that makes this case jump out is the ability for us to cooperate, not only within the United States and specifically New York but internationally with the Italian and Swiss Governments and that is what makes this case jump off the page.

Senator D'AMATO. How come the FBI, DEA, INS, Customs, New York City Police Department, et cetera, were able to work together for such a period of time two and a half years in this type of covert operation? To what do you ascribe the success of these agencies working together?

Mr. SHEER. The vehicle we found very convenient was OCDETF. I would be totally inaccurate if I said that there were no problems. Through the Task Force we were able to find a framework through which we could accommodate differences in philosophies and priorities.

I thought it worked out very well.

Senator D'AMATO. I will ask you a few more questions.

What efforts are being taken to insure what Magistrate Falcone has testified to? I refer to investigations of the Sicilian connection drug cartel, because as oftentimes takes place, after the initial success, people take credit and move on to other things.

Will there be this ongoing effort as it relates to this menace that still exists?

Mr. SHEER. Yes, heroin importation in New York City through the vehicle of the Sicilian Mafia has dropped off and is being replaced by other emerging groups.

We are still maintaining a concentrated investigator force against the Silician Mafia. What we are trying to do in the FBI is look at the emergence of new groups and expand our narcotics work.

For example the narcotic commitment has gone up 250 percent since the Pizza Connection. We have squads and other components in our office emerging basically against the Asian and Latin American groups. From the national perspective Mr. Storey can add to that as it pertains to the Sicilian Mafia itself.

Senator DECONCINI. In the course of this investigation was there any problem with the Freedom of Information Act on having to disclose information to suspects? I have had some briefs by the Bureau Group in Washington; was that a problem at all?

Mr. SHEER. No, I am not aware of that problem.

## TESTIMONY OF FRANCIS STOREY, CHIEF, FBI ORGANIZED CRIME AND NARCOTICS SECTION

Mr. STOREY. The Pizza Connection case epitomizes the FBI approach to the drug problem. On May 7th one of the top three priorities of the drug strategy was to focus our investigative resources on the Silician Mafia and the Latin American drug cases. When the Pizza case started the probe was in the northeast corridor at that time. However, with the expansion of our Italian base we have ongoing investigation throughout the country. Truly this is a national and international problem.

If anything we are expanding our investigator efforts. There are long-term stand investigations utilizing investigative techniques and are looking at seizing assets and for future proceedings.

If anything, the effort directed at the Sicilians is expanding and not pulling back just based on this one particular case.

Senator D'AMATO. We oftentimes hear that it is not unusual for a defendant, who had been successfully prosecuted and sentenced to let's say 2 or 3 years, to almost live like a king in the prison because he has vast influence. He has lots of money that comes to him and he continues to run his criminal enterprise drug operations from the prison. Is that a concern of yours with respect to this particular individual or individuals and how can be best deal with that kind of problem?

Mr. GUILIANI. It is a concern, Senator. Just in the last several years we have convicted at least seven major organized crime figures of dealing drugs while in prison, in other words working out their drug deals and in some cases arranging very large transactions mostly in heroin but some in cocaine while they were inside the prison using the prison telephones and the people visiting them as the mechanism by which they would arrange their deal.

All of these people inside the prison were going to be out in a short period of time and the people knew that they had to deal with them again. They had to pay attention to the orders and things that were being done.

If these people were imprisoned for periods of time that would have incapacitated them they would not have been able to do that.

Senator D'AMATO. Do you have a suggestion as to length of time? I have a feeling that with major dealers that death would be appropriate especially for repeat offenders. We don't have that as a penalty in the law. What kind of sentences would be appropriate as to related to major international traffickers?

Mr. GIULIANI. There are a few things that could be done. First of all, the Bureau of Prisons has changed its procedures quite dramatically in dealing with people convicted at a higher tier of drug dealing.

The second thing that has to happen is that courts have to utilize more frequently the Drug Kingpin Statute which gives the Courts the right to imprison someone for life.

In practice those provisions are not utilized in half of the cases where they can be utilized.

In this particular case five of the individuals have been convicted under 848, the drug kingpin statute, and I think that is the largest number ever convicted in any one case. They are subject to life in prison.

Senator D'AMATO. Have you sought that type of penalty?

Mr. GIULIANI. That's what the Government will recommend and maximum terms for each of the other individuals. The 848 provision is very effective in cutting off somebody's ability to deal drugs.

The people who receive life in prison were able to conduct drug deals. A certain percentage came to the Government to cooperate because they had no other choice.

Senator D'AMATO. It is a dual function. You cut them off and you get them to be cooperative.

Mr. GIULIANI. That's correct, Nicky Barnes and Angelo Lonarda are examples.

Senator DECONCINI. Thank you, Mr. Giuliani, for the fine work that you have done here along with the Bureau and the DEA. I am very impressed with the success of this and the length of time of the investigations and being able to come up with such success.

I want to say that it is an indication that the FBI has indeed turned its attention to organize crime, something that I felt the FBI has not spent enough time, effort and resources in.

I believe that Judge Webster made that decision back in the late seventies or early eighties and I compliment you gentlemen for using that.

Mr. Giuliani, regarding the Mutual Legal Assistance Treaty that we have with the Italians, is it fair to say that was a major implementation of being able to have the cooperation with the Italian authorities and without it would you have been able to make this case?

Mr. GIULIANI. It is certainly fair to say that was a major factor not only in this case but in some of the other investigations that are going on. It was one of a number of factors which formed a relationship that really is team work, the American agents, FBI, DEA, Customs and the Italian Law Enforcement authorities worked together as part of a team and exchanged information freely and openly.

They would telephone each other and help each other. The treaty brings them together and provides a vehicle for exchanging information and provides ways in which we could get information that would not have been available to us before.

Senator DECONCINI. My next question doesn't want to put you on a spot but has the Attorney General and those dealing with the foreign governments regarding the treaties have you been consulted or has your advice been sought on the significance as to what could be done to encourage those countries to enter into such treaties?

Mr. GIULIANI. I have and I think that the Justice Department is certainly interested in doing that. each member of this Committee has made the point that it would be helpful if the drug priority became a more important priority.

It is not at the very top of the two or three most important things that should be part of our foreign policy. I believe that we will see changes when it gets up to the one, two, three category.

Senator DECONCINI. I am sorry. Maybe I missed something here and maybe you don't want to do it here.

Can you tell me how the heroin got into this country?

Mr. SHEER. I thought this thing would run its natural course and I thought the others would explain it. Firstly, we only know of how a small portion of what we suspect to be the aggregate amount of heroin imported in the United States and how it came in. I can tell you a few of the methods.

It would probably be safe to say that you are limited only by your imagination but I will give you a few examples. Coffee urns, within the frames and body cavities of automobiles, inside of furniture, inside the bodies of cameras and so forth.

Senator DECONCINI. That is where you have found it?

Mr. SHEER. Yes.

Senator DECONCINI. In that effort to find it, that obviously has been a cooperative effort with Customs?

Mr. SHEER. Yes.

Senator DECONCINI. Does that come from advanced notice of informants or what is the most usual way that you find that it is in the leg of a chair that is being imported from France or wherever?

Mr. SHEER. From our experiences of the FBI it basically comes from advanced knowledge. We develop sources or for example we have a wiretap and we know in advance.

Senator DECONCINI. So that the overseas network you have is very crucial for that information to come to you?

Mr. SHEER. Yes, it doesn't have to come from overseas. We can get it domestically. Generally speaking, when we work with Customs on what we call hits like this they are not cold hits. We have advanced information that we develop.

Senator DECONCINI. Mr. Chairman, I am glad that we have had the opportunity to view the legitimate interest involved in this. I want to thank you very much. I want to thank our Italian guest for being here and sharing this with us.

Thank you, Mr. Giuliani, for your outstanding leadership in this area.

Mr. GILMAN. I want to commend Magistrate Falcone for the great work he is doing and also the $300 million contribution that

76-152 O - 87 - 4

they made this year. I commend the entire team for the kind of cooperation and concerted effort made in this case.

Mr. Giuliani, if you had an opportunity to direct something at the Federal level, what would you do to make a more effective narcotic enforcement——

Mr. GIULIANI. Is that like a wish list? On the Federal level I think we should increase the resources. As pointed out by Mr. Sheer almost all of the information that we get in the international requires intensive investigation and support. We need representatives in foreign governments, Drug Enforcement agents, FBI agents, other liaison agents.

Mr. Richard Martin, one of the prosecutors in the Pizza Connection case and Assistant U.S. Attorney from our office, has been sent by the Justice Department to Italy where he will be working for the Justice Department in closely coordinating the work of all of us in Italy with the Italian authorities.

We need more agents in foreign governments, high level contacts agent-to-agent and lawyer-to-lawyer. That's how we were able to put this case together.

It may be helpful for Magistrate Falcone for prosecutions in his country. We have to think of that in Asian countries as well. A lot of the drug problem is generated from that part of the world.

Mr. GILMAN. Have you made those recommendations to the Attorney General?

Mr. GIULIANI. Over a period of time, yes. There are so many things being considered that sometimes putting some focus on it as you are this morning helps to move things along.

Mr. GILMAN. Who do you turn to in the Washington office when you have a problem?

Mr. GIULIANI. Certainly Mr. Burns, Chief of the Criminal Division, Bill Weld, Steve Trott, the Attorney General. They have all been very, very helpful and have stepped in various times to move this case along. The support from Washington was outstanding.

Senator DECONCINI. As U.S. Attorney here for the Southern District of New York, do you have the authority to send somebody over to Italy or do you need approval to do that?

Mr. GIULIANI. I would have the authority to do that. I would have to coordinate that and explain that to the Justice Department.

Senator DECONCINI. It doesn't have to be approved in Washington if you want to send somebody over there to deal with Judge Falcone or with other investigators?

Mr. GIULIANI. There were times when Dick Martin was spending more time in Italy than in the United States. You need that kind of flexibility.

Senator DECONCINI. You have that at the U.S. Attorney's level and have that flexibility realizing budget restraint.

Mr. GIULIANI. Those would be the restraints.

Senator DECONCINI. You are not hampered by the bureaucratic process you have to go through?

Mr. GIULIANI. No, sir. That has not been a problem for us.

Senator D'AMATO. Mr. Giuliani and Judge Falcone, Tom Sheer and the entire team, let me thank you for not only today's presentation but the previous effort that you have put forward. I have

always thought that your work should serve as a model to be emulated throughout the country. I still think that we will do well.

I am not going to suggest that is the end but I think the role model that you have established which has energized others throughout this Nation is the kind of effort that the people have the right to expect.

If you were to be in a position to be able to provide them, I am sure that our Nation's law enforcement community would get the resources that they so desperately need. They are hamstrung. As head of the FBI you cannot stand up and say that I need this, that and the other thing. If you do you will not be there very long.

The Attorney General darn well should be doing it and it has not been done as far as I am concerned, given the seriousness of the project.

This has to be a priority at the top but you don't see them taking people to task when one of the agents in the DEA is killed in Mexico. Nobody raises this to the level that it should be raised to.

I don't ask you to respond because you will get more heat than you would need.

Mr. GIULIANI. Would that be my chance to take the Fifth Amendment?

Senator D'AMATO. I am proud of your work and you are a credit, sir. I want you to know that the Senator and I have a certain ethnic pride in relationship to your outstanding work both in Italy and here as you have helped in making these successful prosecutions in the United States.

We will take a 15-minute recess. We will ask that the courtroom be cleared as we have several undercover DEA agents who will be testifying.

[Whereupon, at this time, a recess was taken.]

Senator D'AMATO. Bob Stutman, Special Agent in Charge of our New York Field Division, and who has energized law enforcement and brought about a spirit of cooperation.

He has directed our attention also to the important area of community awareness in the area of prevention through education and rehabilitation as well, which is a key ingredient.

Sometimes law enforcement officers forget that. Mr. Stutman, after your opening statement, would you come forward and join the two undercover agents who have infiltrated the drug organization?

## OPENING STATEMENT OF ROBERT M. STUTMAN, DEA SPECIAL AGENT IN CHARGE, NEW YORK FIELD DIVISION

Mr. STUTMAN. Thank you.

First I think the words of Ben Ward and Mr. Giuliani who have testified are accurate. New York is a model for law enforcement. We have integrated FBI and DEA and at JFK, Customs and DEA groups work together in an integrated program.

We have the State police, local police and DEA agents working together in the same Task Force and we have the best presentation here in the Southern and Eastern District of New York. You being from New York should be proud in having helped that along.

I would like to thank Senator DeConcini for introducing legislation concerning precursor chemicals. The fourth picture on the

chart shows cocaine laboratories here in New York where hundreds of people live. Your legislation will be a tremendous benefit to the people of New York and I appreciate your remarks very much.

The situation with respect to the drug trafficking patterns here in the City has changed since your last hearing in 1983, primarily because the definition of organized crime has broadened to include many ethnic groups. I would like to break the situation down into heroin and cocaine.

First, the heroin situation. Throughout the sixties and seventies and the early eighties, the vast majority of heroin available in the New York and the East Coast of the United States was controlled by so-called traditional organized crime.

We have seen two major changes over the last 2 to 3 years that we should discuss although heroin is still available certainly, and we have about 200,000 heroin addicts in the City, an unacceptably high number.

That number is leveling off and the numbers indicate that it is even declining in New York City. The reason is that every year the heroin addicts get older, so we have the same locked in heroin addicts getting older each year and the younger people are not turning to heroin. It is not being used as much in New York as it was 5, 6 or 10 years ago.

The heroin that is available is now being controlled by several different groups. I know that numbers are boring but I will share them with you. In 1982 approximately 96 percent of heroin available in New York was from Southwest Asia, Iran, and Pakistan.

Generally that was controlled by traditional organized crime groups that were bringing morphine base through the Middle East and Italy to New York as in the Pizza Connection case.

Just 4 years later in 1987 only 60 percent of the heroin available in New York is Southwest Asia. The rest is coming from the Orient.

We have seen a drastic change in organizations controlling heroin in New York. Right now, 60 percent of the heroin in New York is from Southwest Asia. It is controlled by traditional organized crime and lately by organized Lebanese, Nigerian, Pakistani and five or six other different groups.

Generally there is only one ethnic group controlling the remainder, generally ethnic Chinese who may be carrying Thai or other passports. What happened is that a situation predominantly controlled by organized crime we have the group here in the City, the group that was responsible for the trafficking groups here in this City.

That is a radical change over the past 3 or 4 years. The Chinese groups are interestingly controlled by two different factions, older Chinese business people who have banking interests, import and export business, et cetera, that are controlling the large loads of heroin coming through the Golden Triangle and Hong Kong to New York City, and older traffickers who don't touch the heroin but turn it over to youth gang members who are distributing it among the blacks, Hispanics, Italians, et cetera in New York.

That is a major change. In order to meet that problem, about 18 months ago we formed a group of agents who do nothing but look

at the Oriental trafficking. Although it is difficult to get Spanish or Italian speakers, it is far more difficult to get Chinese-speaking agents and Thai-speaking agents. The DEA has supported us tremendously in this effort in that the people coming out of school are being assigned to New York to help us.

The other side of the coin is cocaine. Four years ago cocaine was not a priority of DEA in this City. In approximately two years we have made it as high a priority as heroin.

Number one, we have seen organizations that heretofore were based almost exclusively in Florida now basing themselves here in New York City. They are still using the Southeastern part of the country as a port of entry, but that is geographic happenstance, because Florida happens to be the closest to South America.

They are controlling the loads coming in from Florida to New York. We are now seeing loads of cocaine coming in directly to New York City in far greater numbers than we did in the past. Almost 100 percent of the cocaine available in New York is controlled by Colombian organizations based in Colombia and run from there. They are made up exclusively of Colombians, usually from the same city.

Rarely will they have an outsider or a person from another group or city in an organization. The reason is very simple: That way they know who the people that they are dealing with and know their families, et cetera. Members still have family back in that city so that if there is any possibility of anybody becoming an informant or somebody beating them out of money, they still have control over that member's families in that city.

Many times Colombians arrested will receive a telephone call that will not threaten but will say we have heard from your family and we want to let you know that they are fine. They know what that means. That first chart is a generic chart of a typical Colombian organization.

Down to the uncut distribution level those are all Colombians, all from the same city and all employees of one organization. They are not individual entrepreneurs but employees with all the benefits of an organization; if they are arrested the organization will provide lawyers, bail, all of those various things.

When you go below the uncut distribution level to cut distribution and street level, that's where you find ethnic groups other than Colombians.

If I could direct your attention to the second chart, that is a specific organization based here in New York that goes along generic lines of a Colombian organization which is made up of few people. We believe that they are—Santa Cruz and Londono. They deliver to other cities around this country, various places around the country.

This organization was identified in an investigation that DEA commenced in 1978. We have arrested 300 members of the organization and have seized over 2 tons of cocaine and multi-million dollars' worth of assets. We believe that they are responsible for about 30 metric tons of cocaine per year, that one organization.

Senator D'AMATO. You have Santa Cruz and Londono. Where are these two?

Mr. STUTMAN. I believe that Gilberto Rodriguez is on trial.

Senator DECONCINI. Did we try to extradite him?

Mr. STUTMAN. Yes. He is a Colombian citizen and I must point out that he is on trial today and what the result will be we don't know but he is on trial. They are transporting and smuggling. The one exception in saying that they only use Colombians is that they often use American pilots for the air smuggling.

There is the wholesalers' level and those are the four that we are aware of and then you see major distributors below that.

The next chart shows the actual ledger that we seized in a house in Queens about a year ago from one of the organization's wholesale distributors, Guzman. That's an actual ledger that we seized from them.

They get paid by the kilo for what they distribute and they keep excellent records. That is one chart from that particular gentleman that was actually used at the trial.

You will see that one gentleman has twenty-nine entries totaling in a twenty-two-month period $39 million from that one particular wholesale operation, and we don't think that was all of his operation.

Senator DECONCINI. Can you explain the chart?

Mr. STUTMAN. That is virtually a verbatum copy of the ledger. On the left was the account number and somebody had bookkeeping experience or H & R Block must have helped them out. He has the name of the customer and on the top were the two wholesalers, one picking up from the other and the time frame and the amount of money that was transacted with that particular customer. That adds up to multi-million dollars over a period of some twenty-two or thirty-two months.

Senator D'AMATO. I would like to have you provide us for the purpose of the hearing copies of this so that we can put it into the record, these charts.

Mr. STUTMAN. Yes, Mr. Chairman. Absolutely. There are a number of questions that are always asked and I heard some of them asked today as to the difference between the organized crime and the Mafia and the Colombian groups.

Traditional organized crime now have roots in the United States and the Colombian groups have no roots here in this country. The heads live in Colombia.

Traditional organized crime generally invest the profits here in the United States. The Colombians ship all of the money back to their country so that no money stays here. The third difference is that traditional organized crime will resort to violence and they have no compunction against killing someone; however they generally kill the person that they are after.

The Colombians will not only kill the person that they are after but family and innocent bystanders. Right now one of the interesting things that we are seeing is that the Colombians have organized hit teams that are brought here on a hit-by-hit basis. We have some here in the United States whose only job is to go out and perform hits. The DEA, FBI and others are all seizing weapons with professional silencers.

Another major difference and an important one is traditional organized crime Mafia members will use their own name. We almost

never find Colombian organized criminals using their own name until late in the game.

Traditional organized criminal people will fight you in Court to the end, as in the Pizza case. If a Colombian trafficker is arrested he does not think of Court. He has a simple goal and that is to make bail and anything past that does not make a difference. They jump bail and they rarely care because they rarely see the Court.

In traditional organized crime they deal with people who are proven trustworthy. Not so with the Colombians. They will only deal with people back in their city.

Traditional organized crime is somewhat of a sexist society in that the male of the family is the one who controls the business and the family does not generally get involved. That is not true with the Colombian groups because they use their wives and children in the business.

We have seen a number of their suborganizations headed by females, something that would not happen in European criminal groups.

Two other things that we have seen which is causing us a major problem. Colombian organized criminals have organized groups of attorneys whose only job is to go around the country and examine transcripts and indictments to try to determine who informants are and what the information that the Government is using against them is. They are constantly making changes to stay ahead of Government prosecution.

Senator D'AMATO. Are these teams of lawyers? How many lawyers are involved?

Mr. STUTMAN. It depends on who the attorneys are.

Senator D'AMATO. Have you seen that there are a handful of law firms or attorneys doing it? How many?

Mr. STUTMAN. In New York there are quite a few who are doing this, going around the country and passing information back to Colombians. Again they are doing two things, ascertaining who the informants are and the methods that the Government is using against their particular organization.

The other thing that the Colombians have learned is that very often they have introduced a transfer policy like the FBI and DEA has. If a Colombian is arrested the first thing they will do is send everybody remaining to live and deal in another city. Thus, not only do we not know their names but we don't know where they are living because they immediately transfer their people.

This has made the infiltration of these particular groups difficult. It is going on a daily basis and we are trying to do the job.

There are two other issues that I would like to talk about quickly and then I will turn it over to the gentlemen who have lived with these particular people. Mr. Chairman, you are probably as aware of this issue as I am, and that issue is the advent of crack in New York City.

Crack is nothing more or less than smoking cocaine. It is concaine transferred from hydrochloride to a anhydrous base. It is not only widespread in New York City where 50 percent of the people brought in for cocaine addiction are using the smoking method, but has gone out to the suburbs, Westchester County, which is afflu-

ence personafied for New York State, has had an increase of between 25 to 30 percent.

The Dominicans are now becoming organized. One of the things that we in law enforcement are looking for is the day that the Colombians want to decide to take over the crack traffic because there is a 200 to 300 percent profit difference between hydrochloride and crack.

I am not sure how long the Colombians will allow another ethnic group to control the crack business. I believe that we will be seeing here a repeat of the years 1979–1980 when the Colombians took over cocaine trafficking from the Cubans. We have seen the cocaine business which is the same thing as crack chemically. When that starts to become widespread I would profer to you that we will look back to 1986 as the good old days with respect to violence.

The issue addressed by Senator DeConcini is that we have seen cocaine hydrocloride here in New York and not too far from your home in Long Island.

Here in New York we took down a large amount of ether on the 5th floor of an 8-story building. When we entered there were little cans of ether all over the place. That fireball that you see there is a 40-foot height of fireballs which could have gone up in that apartment house.

We have seized approximately 10 ether dump sites in New York City here in the past year. I would profer to you that is one of the most dangerous trends that we are seeing today. It is amazing to me because frankly when you are cooking this cocaine the smell of ether is overpowering.

We had agents in the street a block away at 3:00 a.m. in the morning and frankly nobody had called the police to report this smell. That very quickly is 2 hours' worth of testimony brought down to about 20 minutes and are the changes here in New York. I mean this very sincerely and the one thing that we have going for us in New York is the absolute cooperation of law enforcement between Customs, FBI, DEA, State and city police. I would urge you to take a walk and go through the JFK FBI/DEA office. You cannot tell who belongs to what agency. Down to our Joint Task Force there are agents, troopers and police all over the place and nobody can tell who is who and nobody cares because we are all working together to get the job done.

The two gentlemen who I will hop over to in a minute are two of the DEA group supervisors. The gentleman on the right is Group Supervisor Michael Levine who has worked and lived undercover with Colombian organizations. The gentleman to the left is Group Supervisor Richard LaMagna, who is head of the Asian group and he speaks three dialects of Chinese.

He is a unique agent in DEA. I turn them over to you, Mr. Chairman and I will be available for questions.

Senator DeConcini. What evidence do you have of transshipment through Mexico by the Colombians?

Mr. Stutman. We have seen cocaine up here coming through Mexico to Texas but the majority comes POE, Florida or much of it is now coming into New York.

Senator DECONCINI. We have had information from DEA that about a third of the cocaine coming to this country comes through Mexico.

Mr. STUTMAN. We are seeing some of that but not that much.

Senator DECONCINI. Do you know anything about the Mexico transshipment?

Mr. STUTMAN. Very frankly I have enough to worry about up here in New York.

Senator DECONCINI. Are we going to hear from these people as to the number of Colombians that are involved in this. How many of these organizations are estimated to be actively involved today?

Mr. STUTMAN. I can speak for New York. Santa Cruz, Londono is in my opinion clearly the largest of the organizations. There are other organizations such as them I guess in the area of about a dozen organizations.

Senator DECONCINI. On that one where you have major distributors they would have many more than that?

Mr. STUTMAN. Yes, those are the ones for obvious FOI information.

Senator DECONCINI. Hypothetically, how many distributors might they have in your judgment?

Mr. STUTMAN. We have arrested 300.

Senator DECONCINI. Out of one organization?

Mr. STUTMAN. Yes, out of that one organization.

Senator DECONCINI. And wholesalers?

Mr. STUTMAN. I would say another dozen wholesalers. That chart over there is for one wholesaler for a 32-month period.

Senator DECONCINI. The Santa Cruz, Londono situation——

Mr. STUTMAN. You are talking about multi-million dollars.

Senator DECONCINI. You are talking about 500 or 600 people that are involved in this whole thing?

Mr. STUTMAN. Absolutely.

Senator DECONCINI. Of Colombians you are talking about, 60, 70 or 100 down through the wholesaler?

Mr. STUTMAN. That's not in New York City but across the country.

Senator D'AMATO. For the purpose of security—let me say that we will identify the Agents A, B and C. Let's have the agents give us their story. I would like to ask both Mr. Stutman and our agents when we see the chart and the families' distribution network and hear the story of how the Columbians have taken legal precautions and great elaborate steps to protect themselves and to keep the cell from being invaded, what do we need to do to be more effective?

What efforts? Do we have sufficient drug enforcement agents and intelligence operations in Columbia and in the drug-producing countries themselves in the transshipment areas if the Colombians transship to certain areas? How are they able with such ease to infiltrate their hit teams into this country to bring their major distributors and traffickers into this country?

What are the vital choke points if any and how can we improve our operations in this battle?

Mr. STUTMAN. Clearly one of the issues is that as I mentioned, the difference between traditional organized crime and the Colombians, the goal of the Colombians is to make bail and when bail is

made he goes overseas. Clearly one of the major issues is extraditing the traffickers back to the United States.

Senator D'AMATO. How about not giving them bail when we have demonstrated repeatly that they have skipped out because the judges and the Attorney General have not learned the lesson and provided the opportunity to walk out? Cash bail is only the cost of doing business.

Mr. STUTMAN. There is the no bail provision given to us by Congress which has been a tremendous assistance to us. The latest group of people and I believe that there were 7 indicted and the U.S. Attorney was telling me that one should go to Court. Three were murdered

Senator D'AMATO. Where were they murdered?

Mr. STUTMAN. While on bail here in New York. Clearly the extradiction and no bail has been of tremendous assistance to us. I would turn it over to Agent A.

## TESTIMONY OF AGENT A

Agent A. Before I begin I could shed some light on the Senator's question before I begin concerning Western deliveries of cocaine.

Several years ago, I worked an undercover case during which I was in a Western state living with Colombians——

Mr. STUTMAN. Since it was the Senator's home state let's identify it.

Agent A. This organization arranged for the movement of drugs, dope and vehicles to hide the drugs on both Coasts in my presence. What I found in this particular organization, and this is my opinion and what I have heard, is that this is a geographical thing. If the drugs are going toward the West Coast they look for the shortest possible route.

Senator DECONCINI. Mexico?

Agent A. The drugs coming up the East Coast will come up the Bahamian Coast by air and sea.

Senator DECONCINI. What is the transshipment in Mexico? Did you learn of how that is accomplished and by who, when you were on this particular case?

Agent A. Yes, I did in this particular case.

Senator DECONCINI. Did they have an airfield, gasoline and a lot of logistics?

Mr. STUTMAN. That's a closed case.

Agent A. Just plain corruption. They bought free passage.

Mr. STUTMAN. Describe the Colombian organizations that you have worked on?

Agent A. I can give you some background about myself so you can understand where I am coming from. I have deep roots here in the City of New York. I grew up in the South Bronx and am perfectly billingual. I have a brother who was on drugs and committed suicide and I have a daughter with a drug abuse problem.

My knowledge is very deep and professional. For the majority of my 23 years I worked undercover and now I teach it for the DEA as a side duty.

I first say—let me describe the Colombian murder organizations as I see them. I think that their ability to push buttons on Colombi-

ans and cause murders in the States and Europe and South America is so far advanced that this country has ever experienced in organized crime. There is no comparison.

In this same particular case I saw in my conversations with a drug dealer who turned out to be one of the most prolific Colombian murderers and who I am happy to say I was instrumental in putting away for 30 years. He was able to with nothing but telephone calls cause men, vehicles, weapons to be moved from California, New York and Miami to this Western State in no time.

He had the ability to move things that very few governments are capable of doing. That's what we are up against. My first involvement with Colombians' ruthlessness and this power was as early as 1975 right here in New York where I was assigned the investigation of a Colombian hit contract that was put out on two DEA agents investigating the Gran Colombiana lines in Brooklyn.

As part of this investigation we managed to identify who we thought might be the hit men. They were already here. Even back in those years what we were finding was that almost every Colombian that was arrested had easy access to passports and false identification. There is no problem in going right through Customs. There was a tremendous population of Colombian hit men right here as early as 1975.

I worked with a New York City detective together and his informer, the two children of this particular informer were murdered by the same Colombians and to me it seems to be one of the most senseless murders at all because they made no attempt to contact the man and stop him but rather murdered the children.

That was my first contact. Since that time my next major contact with their power and the awe with which they are held by drug traffickers was in my own case. When I was stationed in Argentina I dealt with a violator, a Bolivian, Roberto Suarez and subsequently seized the cocaine. We were talking about bail and two of the people were arrested in Miami and one was held on $3 million bail and the bail was reduced by the Judge to $1 million. Alfredo Guartarez made bail and left.

When he got back they offered $2 million for my murder to Colombian hit men. They were as high as you can get and who were they offering the murders to, Colombian hit men. I was sent to DEA Headquarters as a result of the contract.

I can go on ad finitum.

Senator DECONCINI. Do you want to go on with the Mexico case?

Agent A. This is a case that resulted in among other things the indictment of Louis Gomez, the Minister of the Interior of Bolivia along with many, many Colombian violaters. The major Colombian violator who in his early twenties was known as one of the more prolific murderers in Colombia, very feared.

The parts of the case that became public is the following. The person working in cooperation with us was a female who was selling cocaine as a representative of a South American Government.

One of her customers was Octavio Mahia, Papa Mahia. She was left between a rock and a hard place because this Mahia felt that she owed him one million dollars. Her government refused to back her and he put out a hit for her or her family anywhere they were found, anywhere in the Americas.

She had no alternative but to turn to the DEA. She turned to DEA and I was taken out of South America and worked as special operations officer out of DEA headquarters and assigned to pass as her man responsible for her debt.

We set up housekeeping in this other State and I personally contacted Mahia along with other intermediaries to settle this debt. What I learned from having the Colombians as house guests is that Mahia did something very typically Colombian in that he murdered the entire family of one of his competitors. He left no survivors. The large family, he had them murdered because they were nothing more than economic competitors. Eventually I succeeded in contacting him and numerous conversations and his representatives came from the East and West Coast to settle this debt.

We wound up arresting all of the people that contacted me. Mahia and Ron Nickly at that point escaped. However it was almost what goes around comes around. Mahia traveling under an assumed name came through Customs in Miami. One of his many murder victims was a cripple who was guarding one of his drug warehouses in Miami who we understand had had some difficulty with missing drugs. This was an individual in a wheelchair and Mahia had him disappear.

The brother of this individual went to the airport virtually every day for 3 years looking for Mahia. One day he came through Customs while he was still a fugitive and our case and this individual came up and stabbed him with a bayonette 10 times.

Mahia survived and stood trial on this particular case and I have tape recordings of he and I talking together. He was sentenced to 30 years.

Senator D'AMATO. Agent B.

## TESTIMONY OF AGENT B

Agent B. Thank you for this opportunity to appear before you. With your permission I would like to read a brief 4 or 5-minute statement concerning the Chinese drug situation. I believe that it might provide a cultural historical backdrop.

The greatest influx of Asians into the United States started about 1970. These are people of many races seeking the same economic, political and social advantages as our own ancestors from Europe. They come from places such as Hong Kong, Taiwan, Mainland China, Singapore, Vietnam, Thailand and the Phillipines.

Let us focus on the Cantonese and Hong Kong Chinese, who make up the vast majority of Chinese who flock to the Chinatowns across the United States and indeed the world. In recent years people from Taiwan are emigrating in great numbers and are emerging as another important drug trafficking group.

The Cantonese come from the underbelly of the Chinese Mainland, Canton Province as well as Hong Kong and Macao. There are also large concentrations of Cantonese in the large urban areas of Southeast Asia such as Bangkok, Saigon, Pnom Penh, Kuala Lumpur and Singapore. Among them are numerous dialects and subdialects such as Teow Chiew, Hakka, Toi San, Hoi Ping and many others, as well as the standard Cantonese dialect of Canton City.

Their migration patterns over the past 100 years can be likened to the Jews of the Diaspora in Biblical times. One is hard pressed to find a major city of the world which does not house a significant Cantonese population.

This provides a solid infrastructure and communications network for commerce and trade, illegal immigration, gambling, money laundering, lending, false documentation and all manner of activity both legal and illegal.

A person of Cantonese origin can venture into the unknown with the sound knowledge that he will find clansmen ready to assist him and accommodate his every need. In fact, in many cases he need not ever learn the language of the native population. As one can imagine this system offers distinct advantages, the least of which being anonymity.

More recently, a similar phenomenon has occurred with the people of Fukien Province of Southern China, which also has a multitude of mutually unintelligible dialects. Traditionally, the Fukinese have been employed as seamen aboard merchant vessels and often end up jumping ship or being otherwise smuggled into the United States or Canada. With the relaxation of immigration from Mainland China and Taiwan and the fall of Indochina, the United States is experiencing a wave of immigration from Asia.

Now that we have considered the historical and sociological aspects of this problem we are prepared to more directly address the Chinese Drug problem and its inherent problems.

In the Chinese culture there is a strong emphasis on family and clan loyalty. Allegiance and duty are usually in that order, with a reduced emphasis on society and the concept of "face" being a very important ingredient. In real terms, a person arrested for drug trafficking, while suffering a certain embarrassment, will at the same time receive respect and admiration for having provided well for the family and having been a productive member of the clan, making contributions to benevolent organizations and religious organizations.

His duties are implicit; the loaning of money and the use of whatever influence and contacts he might have for the benefit of either his relatives or the extended family, the clan. Thus the social stigma that might exist in other cultures is overridden by other considerations.

Chinese, having been survivors throughout history, see their primary duty as survival by whatever means necessary. They therefore see themselves as businessmen and enterpreneurs rather than hardened criminals.

In addition, gambling, the great national flaw in the Chinese character, provides much of the impetus for the drug trafficker. Having such strong beliefs in fate, fortune, luck, et cetera, they are deeply instilled with the "today could be my lucky day" mentality.

This causes them to gamble and often lose large sums of money at any one of the readily available gambling dens which every Chinese community supports. They then become susceptible to their habit and become caught in the vicious cycle.

Many drug couriers are recruited from the ranks of "paio Kau" table losers and many a trafficker becomes so out of a need to recover lost monies. Ironically, Chinese drug traffickers rarely live

lavish or ostentatious lifestyles by Western standards; however, it is routine and not uncommon for him to drop $200 to $300,000 in an evening at the local gambling parlor.

As I have stated, the Chinese view of themselves and the Chinese condition is that they are survivors and stoics and will suffer whatever consequences their actions may bring. It is for this reason that threats of the death penalty and lengthy prison sentences do not really have a deterrent value. I have interviewed at least 5 prisoners who were about to be executed in Thailand for drug trafficking and they all responded with a calm and resignation worthy of the Christian Martyrs.

One has to also believe that a good deal of Buddhist philosophy is at work here as well. It is these values and strengths of the culture which have allowed the Chinese to endure and survive in what every way necessary. Morality in the Western sense is a luxury that the Chinese see themselves as unable to afford.

Not wishing to bore you with statistics I will cite you some examples of the seizures that have occurred here in New York. I think you will agree with me that they are staggering amounts. June 1985, 210 pounds. I would like to tell you that the group which had prepared the 210 pounds and 210 pounds is a very large worldwide organization concerning which we have established a special enforcement organization.

This is a particularly vicious organization. So far 5 members of the organization have been killed. Two couriers escaped and one was caught and killed in the Customs area and one killed in Bangkok and one, knowing that he was about to be killed, jumped out of a 7-story window.

Senator D'AMATO. You mean that when they are captured they dispose of them?

Agent B. That's correct. This organization is comprised of who are called the Big Circle Bank who are former soldiers from Mainland China and no family ties and will do anything for hire.

Senator D'AMATO. Let's move on to Witness C, who has an interpretor with him.

## TESTIMONY OF AGENT C

Agent C. I try with my poor English to explain what I would like to say.

There is the Italian police authorities will indicate that the drug abuse and hit activities and sale of crack stay at the high level yet. The abuse of heroin is in Italy and the evidence is increasing for the growth of heroin which increased to 176 in 1987 from 1985.

Cocaine abuse is increasing because of the more availability of the illicit market that has been resumed by the seizures of 186 kilograms in 1986 then the 104 in 1985. The police strategists have found that the analysis and production of trafficking we see a remarkable increasing of international traffic. One of the places to start of course is with the production of the drugs.

As far as I am concerned if we have a look at the Southeast area we observe that in only one year farmers' booming production has increased from 600 tons of raw opium in the season to about 1,200 tons in the 1986-1987 season.

At the same time the production has jumped to the estimated 300 tons of this year. I would like to add other figures about the heroin Italian authorities have seized last year.

The heroin, the 13 percent comes from Southeast Asia and 74 percent from Southwest Asia, India and 13 percent from Middle East, Turkey. That does not mean that in the Southeast Asia this is uncontrolled.

I would like to say that thank you for the cooperation that I got in my short time in and thanking the DEA officer and the other colleagues. We have been able to investigate Italian organized crime family, stay in Canada, stay in England, stay in France.

Those people are Italians and as Mr. Falcone this morning said normally on the base there is an important agreement between the families who work in drug traffic. What I want to say is that the problem in Southeast Asia cannot be forgotten. In my short time after we investigate with the other police in these three most important cases we don't have in that area middle man traffickers, the low man traffickers, very few cases.

We continue to have the big traffic because big is the production of the raw opium. In this regard I would like to point out one thing that I think is very important is the production of opium because this is the main problem, one of the main problems that we have in that area together to link to the corruption and if we want to be successful in solving the problem or in trying to solve the problem of the smuggling in of big quantities we are to solve the problem of the production.

We couldn't help those countries, give them money, give them assistance and we should have results but it is impossible that in one year Burmese production jumped and doubled from, as I told you, 600 to 100,000 tons of raw opium.

They can say we tried to do our best because we have 10, 12, minorities, ethnic minorities that are fighting against us and we cannot try—we cannot make the best. The minorities they want with the false scope—the real scope is that they have big traffickers and among them everybody knows and remembers the terrific name of Chum Sha. This man we know because everybody knows in Thailand this man apart from a big army, a lot of people, thousands of people stay with him.

This man has also sophisticated equipment. Where does this sophisticated equipment come from and I mean missiles to fight against the aircraft of the Italian Navy.

Thailand is the country that is distinguished in the fight against traffic is not the first time that Thailand is to use aircraft against the base or forced to bomb the——

Senator D'AMATO. Where does he get the weapons, the ground to air missiles for example; from what country, if you know?

Agent C. There are two hypotheses that we can make. There is a fluid smuggle of weapons on the Island and we know the political situation in Laos. We have their government but behind them there are another army that everyone knows that is the Vietnamese army and we could say that part of that weapons could come from that part of the region and not necessarily from the south of the region.

This is of course a hypothesis because I don't know and this is another question, I don't know which Thailand government even if helped sustain especially from the U.S. Government and recently from my government with the $300 million, why—I mean those governments don't carry out a stronger action against this problem.

I beg your pardon if I point out this question but for my short experience in that area I think that I realize that we have to insist on the method of production and we appreciate the effort of the U.S. Government in giving the Burmese authorities a special supply with the aircraft that they put on the harvest of the opium.

That is not enough. We have a good enough in the international meeting this month and we can stress and please we have to speak loud that we have to solve the political crisis in that area if we want to pick up benefits in the fight against drug abuse.

Senator D'AMATO. I thank you very much. I think Agent C has made a point that Senator DeConcini has that we have to be more insistent on our allies with respect to the drug production.

I want to touch upon a sensitive area. What has your experience been in terms of working with the CIA and have you run into instances where the CIA instead of helping you have hindered your operations as it relates to working against traffickers?

Mr. STUTMAN. From the point of view of DEA I could assert some executive privilege and speak for DEA. As far as law enforcement goes the cooperation we get from the Southeast Asian agency is excellent from the Thailand authorities. It is outstanding.

Issue number two, and again I am stationed here in New York and have to worry about New York. In my experience in working with joint cases where the CIA is involved they are extremely cooperative.

The problem is not that they don't want to cooperate but the information is so sensitive that you cannot use it in Court. It is a source protection issue and the cooperation received here in New York from the CIA is very high.

Agent A. I would say in general that I have worked overseas and a very big problem in dealing with foreign police is letting them think that we are there for other than law enforcement purposes.

Our ability to associate and work closely with the CIA is really hampered by the nature of the fact that we are not there as spies but as law enforcement people.

Mr. STUTMAN. Which is probably the biggest plus that we have overseas.

Senator DECONCINI. Agent A, I would like to know if you can speak to my staff along with Mr. Stutman about the Mexico transhipment.

Mr. STUTMAN. Certainly.

Senator D'AMATO. If there is any area that could make your operations more successful what would that be?

Mr. STUTMAN. Let me speak for my personal point of view and it is an answer that I was given before and not one that is necessarily popular. Unfortunately in the war on drugs the group that is most well organized and doing the best job is law enforcement. I would like to see demand reduction catch up to what we in law enforcement are doing.

There are simply not enough communities in this country that are giving kids the chance to say no and because of that the four of us will be chasing drugs until we retire.

Agent C. It is possible and in other countries to have the community, in this community the thirteen law enforcement agencies working together. We exchange information. We see each other very often and we talk about traffic. We push, of course, local authorities because in other recent success is a going out of the problem with the drugs.

Another reason is that there is such community and then they came up close, both of us.

Agent A. I want to strongly endorse what Mr. Stutman stated. In my own experience an analogy that I can give you is, drugs, drug abuse is as contagious a disease as AIDS or anything else.

For instance, if you had taken Dwight Gooden and I do not have anything against him but would have ended his career after he was caught, you would have found no more sport problem and you will find that it will continue because we are inadvertently, we are converting these people carrying these diseases around into folk heroes.

The courts are throwing out people because he only possessed an ounce or a half an ounce. The increase of penalty in States such as New York making it life or life after life and yet not even having the death penalty if you kill a drug agent is encouraging the use of drugs.

If I want to stop the use of cars in the United States and I could assassinate the entire General Motors Board of Directors tomorrow it will not end the use of cars. They will be immediately replaced. Something has to be done to start at the grassroots level, people like my daughter's age and stop them.

You will quickly see that there will not be a need for the Colombian organization because there is no longer a demand.

Senator DECONCINI. One year ago Senator Wilson and myself were holding hearings similar to this in L.A. and Police Chief Gates who was there for 2 years and we asked him a somewhat similar question and he said, you know, Senator, we never had a war on drugs.

When you have a war you mobilize your nation, all of your assets, education and the understanding the people to get behind it and mobilize the military authority. You guys in politics talk about war all the way from the President down to the local sheriff.

Do we really have a war on drugs in this country?

Mr. STUTMAN. I can tell you that the DEA agents, FBI agents, are all getting killed and shot at. I find and I do a lot of work with school communities and school systems, I still find it hard to believe that the people have a wall of denial that it is not happening here.

The three words that are killing kids in this country are "not my kid." People refuse to believe that it can happen in their family. We need to mobilize the country as a whole. We need policies and procedures whether it is on ball teams or school systems or Police Departments or communities that say we will not tolerate drug use, possession or sale. If you want help it is available to you in a non-confrontational manner.

Until that attitude is had in our community the three brave people here will be at war.

Senator DECONCINI. I wonder if our Nation is as mobilized as we were during the Second World War. Where kids were saving tinfoil and it was a big educational and propaganda process not to mention having the people in our neighborhoods going out.

Mr. STUTMAN. It is the same type of dedication that is needed with respect to this issue?

Senator D'AMATO. I thank Bob Stutman because he does a great job and I want to thank the three agents and our translater.

I would say that the Senator, Bob Stutman, and I have spoken about this very often. We have not really gone to war. In addition it is not really fair, although I try to get some action out of our Federal people to look to the Federal Government as the sole source of responsibility for dealing with this problem. It is an absolute crime when school district after school district teach, and some school districts have selective programs or optional programs dealing in, witchcraft but don't have a decent program as it relates to mental health and in dealing with drugs.

They don't have a good program for crisis intervention when youngsters have a problem and don't know where to send them or what to do and have no policy with respect to drugs off the field. This business about school districts who say that the Federal Government is not giving them any money. That's a crock.

It is a total society problem. Everybody is busy passing the buck. We have assumed plenty of responsibility and have seen our shortcomings in the Federal level. Maybe it has to be a lot worse, then we begin to deal with it. We thank you.

I will suggest to you that you submit your statement in its entirety into the record as though stated.

I will ask the court reporter to enter into the record the U.S. Department of Justice Federal Bureau of Investigation National Drug Strategy Program and make it part of the record.

[Information follows:]

FBI NATIONAL DRUG STRATEGY (NDS)
DRUG AND NARCOTICS MATTERS

The Federal Bureau of Investigation (FBI) has a significant role in meeting the problem of drug trafficking in the United States and is striving to enhance its investigative efforts directed against this difficult problem. In the four years since the Bureau was given concurrent jurisdiction with the Drug Enforcement Administration (DEA) to investigate drug offenses, it has evolved into a capable, effective and respected participant in the battle against drug trafficking. By concentrating limited resources on organized crime and drugs, public corruption and drugs, and financial crimes and drugs the Bureau has achieved noteworthy results.

For the past several months, the FBI has conducted extensive research in order to develop a strategic plan and to clearly define the FBI's role in drug investigations for the next three to five years. This analysis has included input from all FBI offices, independent studies, and a comprehensive assessment of the drug problem facing the United States. The entire scope of the drug trafficking problem was analyzed.

Drug trafficking continues as the most critical crime problem in the United States. It is sophisticated and complex. A wide variety of drugs are involved, most with several international sources. The traffic in illicit drugs not only violates drug laws but also involves numerous other criminal activities, including racketeering, conspiracy, bribery and corruption of public officials, tax evasion, banking law violations, illegal money transfers, import/export violations, crimes involving firearms, and violence.

Despite the Bureau's accomplishments, and those of DEA and other law enforcement agencies, drug trafficking in this country at the national level continues to be a significant problem. For example, cocaine use remains widespread from high-income users to users in lower socioeconomic levels. Cocaine is readily available in all regions of the United States, with increasing purity levels and decreasing prices. Currently a kilo of cocaine sells for $28,000. Four years ago a kilo cost $60,000. Similarly, Mexican brown heroin is also more readily available in the Southwest and upper Midwest with purity levels reaching heretofore unseen highs of over 90 percent.

It is recognized that the drug trafficking problem is of such a magnitude that it will not be solved by investigative agencies alone. However, in order to effectuate a measurable impact, investigative resources need to be redirected against those groups which control large segments of the illegal drug market.

## SCOPE OF DRUG TRAFFICKING IN THE UNITED STATES

### TRAFFICKING ORGANIZATIONS

Most of the income from drug sales is earned by distributors in major markets with significantly less accruing to those involved in production and transport. The millionaires of the international drug industry control not only the acquisition of raw materials in drug producing countries, but also the wholesale distribution of drugs in the United States. Profits from these operations are enormous. For example, it is estimated that gross receipts of Colombian trafficking organizations from U.S. sales in 1983 were in excess of $6 billion.

In terms of influence, the Colombians' closest competitors are the Mexican trafficking organizations and the Sicilian Mafia. These organizations control major segments of the U.S. market. The infrastructure of such large networks rival many legitimate businesses and even some national governments in the amount of property, sophistication of equipment, and network of financial, political, and commercial contacts.

In addition to large sophisticated enterprises that resemble multinational companies in their size, scope and manner of operations, drug trafficking organizations can also be small specialized operations active in one aspect of the production, smuggling, or distribution of a specific drug.

### COCAINE

Cocaine trafficking and consumption has clearly been identified as the most significant widespread drug problem in the United States. Drug abuse experts estimate that over 25 million Americans have tried cocaine, that is, one in ten. Six million are estimated to use cocaine at least once a month. Two to three million Americans are thought to be seriously dependent on cocaine. The number of new users increases at an estimated rate of over 5,000 per day.

As the following chart shows, its consumption in the United States has been increasing since 1981.

COCAINE HYDROCHLORIDE CONSUMPTION IN THE UNITED STATES
1981-1984 (METRIC TONS)

| 1981 | 1982 (%change) | 1983 (%change) | 1984 (%change) |
|---|---|---|---|
| 30-60 | 45-62(+15) | 50-68(+10) | 55-76(+11) |

The majority of Bureau field offices are investigating cocaine-related cases. Of the 59 field offices, 58 have identified cocaine as a drug problem, with 46 field offices naming cocaine trafficking as the major drug problem in their area of responsibility.

Colombian organizations operating in the Southeastern United States (predominantly south Florida) continue to control the majority of the cocaine importation and distribution networks which radiate into all areas of the United States. In 1984, Florida was the principal point of entry and the location of 94 percent of the cocaine seizures from all conveyances. Also in 1984, 18 of the 22 cocaine processing laboratories seized nationwide were located in the Miami, south Florida area.

In addition, Colombian traffickers have expanded their area of operation and have converted Atlanta, Boston, Houston, Los Angeles, New York, San Diego and San Francisco FBI Field Office territories into international cocaine trafficking centers.

The Miami Division, through an intensive drug intelligence collection effort over the past year, has identified in excess of 100 separate organized Colombian groups involved in some aspect of cocaine trafficking into and throughout the United States.

HEROIN

Heroin trafficking and consumption is considered by the FBI as the second most significant problem in the United States. Recent studies show that heroin abusers, especially daily users, commit an extraordinary amount of crime. Needless to say, the economic consequences that heroin users impose upon other persons and upon society are great. In addition, heroin distribution is a major source of income for the LCN/Sicilian Mafia.

As the following chart shows, heroin consumption increased between 1981 and 1983 and decreased slightly in 1984. Statistical data for 1985 is unavailable but a significant change in consumption is not anticipated.

HEROIN CONSUMPTION IN THE UNITED STATES
1981 - 1984 (METRIC TONS)

| 1981 | 1982 (%change) | 1983 (%change) | 1984 (%change) |
|---|---|---|---|
| 3.85 | 5.7 (**) | 6.04(+10) | 5.97(-1) |

(**Different data bases used in computing 81 and 82 heroin estimates, therefore estimates are not comparable.)

Two types of heroin and heroin-related trafficking patterns exist: white heroin from Southeast or Southwest Asia and Mexican brown heroin from Mexico.

According to the DEA Heroin Signature Program, in 1984 Southwest Asia heroin, primarily heroin refined along the Afghanistan/Pakistan border, accounted for 51 percent of the U.S. supply. Seventeen percent of the U.S. heroin supply came from Southeast Asia and 32 percent came from Mexico.

SOUTHWEST ASIAN HEROIN

New York City is the major distribution point for white heroin. From there it is distributed to other areas in the Northeast Quadrant. (The Northeast Quadrant as used here encompasses, but is not limited to, those FBI field office territories as far north as Boston, as far south as Washington, D.C., and as far west as Detroit.)

Although heroin traffickers are numerous throughout the Northeast Quadrant, the LCN/Sicilian Mafia is still considered the most accomplished of all the traffickers. They control not only the importation but also the distribution networks for heroin. Recently concluded investigations have clearly revealed the extent of LCN/Sicilian Mafia control. From March 1983 to April 1984, one investigation disclosed a Sicilian Mafia network operational in the states of Florida, Illinois, Michigan, New Jersey, New York, Pennsylvania, and Wisconsin.

MEXICAN HEROIN

Mexican brown heroin is the primary heroin problem in the Southwest, the West Coast and some parts of the Midwest, most notably Chicago. The production, importation, and distribution of this heroin is controlled by Mexican organizations.

Several indicators point to a greater influx of Mexican heroin into the U.S. market in recent years. Wholesale (kilogram level) purities in the United States have steadily increased from 8 percent in 1981 to 21 percent in 1982, 22 percent in 1983, and 44 percent in 1984. Recent intelligence reports from the DEA Dallas and San Diego Field Offices indicate the availability of heroin increased during 1985, and purities as high as 90 percent have been encountered. Similarly, "street-level" heroin purities in Southwestern U.S. cities, where Mexican heroin dominates the market, tend to be higher than the national average. Additionally, the declining Mexican economy, with steady erosion of the peso, has led to greater involvement by Mexican nationals in the production and trafficking of heroin.

FBI DRUG PROGRAM

RESOURCES

The availability and utilization of investigative resources in drug matters are particularly critical elements given that drug investigations are labor intensive. Quality drug investigations which target the highest levels of trafficking require extensive use of undercover operations, consensual monitorings, court-authorized wire intercepts, quality informants, qualified linguists (predominantly Spanish and Sicilian speakers), as well as other specialized techniques.

When the Bureau was given Title 21 jurisdiction in 1982, it was not allocated any additional investigative resources. Consequently, in order to meet this new investigative responsibility, the FBI had to divert resources from the traditional Organized Crime Program and other investigative programs such as White Collar Crime and General Crimes. The FBI presently has been authorized 43 Agent Work Years budgeted for drug matters within the Organized Crime Program and does not anticipate an additional allocation of resources in Fiscal Years (FYs) 1986 and 1987. It was only in late 1982 when the Organized Crime Drug Enforcement Task Forces (OCDETF) were created that the FBI was allocated additional investigative resources; however, these resources were earmarked specifically for Task Force matters.

At the present time, the FBI has been allocated 349 Agent Work Years to expend on OCDETF cases. Due to the manpower intensity of narcotics investigations, the FBI is utilizing well over 1,000 Agent Work Years to work OCDETF cases and narcotics cases within the Organized Crime Program, despite being funded for less than 50 percent of that figure. As previously mentioned, the unfunded Agent Work Years are being diverted from other priority investigative programs.

Bureau investigative "Specials" which require Agent support from other divisions are a good example of how drug investigations tax resources. In FY 1984, there were approximately 42 drug-related "Specials" which required 242 Agents to be detailed on temporary duty. In 1985, there were approximately 68 drug-related "Specials" and 407 Agents on temporary duty to other divisions. In FY 1986, as of 1/22/86, there have been 30 drug-related "Specials" which have required 123 Agents to be on temporary duty.

While many of the "Specials" have been addressing significant drug-trafficking organizations, a number of the "Specials" were directed against targets that had a local impact but little national significance. It is anticipated that with a clearer articulation of the FBI's NDS, the number of "Specials" can be reduced and/or consistently directed against targets of national significance.

FIELD OFFICE INVESTIGATIONS

When the FBI was given Title 21 jurisdiction, it focused its resources on drug investigations involving traditional organized crime families, nontraditional organized crime groups with violent propensities, ethnic organized crime groups having significant impact in an area of the country, financiers, and corrupt public officials. Pursuant to the establishment of these investigative priorities by FBI Headquarters, field offices were mandated to identify and investigate their most significant drug problem.

The response by the field to the newly acquired Title 21 jurisdiction was overwhelming. Smaller field divisions that heretofore had little opportunity to employ special investigative techniques, such as court-authorized wire communications intercepts or undercover operations, were doing so.

During this evolutionary period, the FBI applied a strong centralized management approach to drug investigations to ensure a system of quality control and to closely monitor resource commitments.

Based on the experience that the FBI has gained in drug investigations over the past four years, it is now in a position to enumerate a more definitive drug strategy which will direct the investigative efforts of the FBI toward a national objective.

FBI-DEA RELATIONSHIP

Over the past four years, the FBI and DEA have developed a close working relationship. In addition to the OCDETF cases, the FBI has over 300 joint drug investigations with DEA. The FBI-DEA relationship is based on the Implementation Directive of March 12, 1982, which defines specific roles for each agency. The recommended modifications to the FBI NDS do not alter these existing roles.

To further enhance FBI-DEA cooperation and integration, several initiatives have been taken to remove agency-to-agency differences. Common guidelines on informants, undercover activities, and investigations are being developed. This direction will continue with further integration stemming from common national strategies. Common strategies will enable investigators from each agency to work together to dismantle major drug trafficking organizations.

The modification to the FBI NDS reinforced the integration of common strategies for the FBI and DEA. For example, DEA's FY 1988 Strategic Plan dated September 9, 1985, disclosed that three out of six operations in their planned strategy are directed against Colombian/South American trafficking organizations. The Plan also identifies Mexican drug trafficking organizations as an investigative priority. These priorities are consistent with those of the FBI NDS. Thus, DEA/FBI investigations can jointly work toward the same objectives.

FBI NATIONAL DRUG STRATEGY

The following information sets forth a refinement of the current FBI NDS. As the first step in modifying operating plans, this refinement is intended to more clearly focus investigative efforts and resources on those groups controlling significant segments of the illegal drug and narcotics markets.

The FBI will adopt the following as its long-term mission in drug and narcotics law enforcement.

> The FBI will endeavor to reduce the incidence of illegal drug trafficking, and other criminal activity which drug trafficking generates in American society, through investigations conducted on a systematic, coordinated, and sustained basis.

This mission will be implemented through a series of major objectives which specifically delineate the FBI's role in drug investigations. The major objectives of the NDS will include:

1. CONDUCTING EFFECTIVE, COORDINATED INVESTIGATIONS AGAINST MAJOR DRUG TRAFFICKING ORGANIZATIONS ON A NATIONWIDE BASIS WITH THE ULTIMATE OBJECTIVES OF NEUTRALIZING NETWORKS INVOLVED IN DISTRIBUTION OF COCAINE AND HEROIN, AND SEIZING THEIR ILLEGAL PROFITS THROUGH FORFEITURE PROCEEDINGS.

(a) Cocaine and heroin importation and distribution have been identified as the major drug problems in the United States. Groups largely responsible for this problem are the Colombian/South American traffickers, the LCN/Sicilian Mafia, and Mexican networks.

(b) The majority of the FBI's resources over the next three to five years allocated to the drug program will be devoted to addressing these specific problems.

(c) All FBI offices will be required to take full advantage of the existing forfeiture provisions of various Federal statutes that directly relate to drug enforcement. The identification of drug traffickers' assets, and thereafter effective investigations to allow forfeiture, will be an integral aspect of all drug investigations.

(d) Conspiracy network investigations will be conducted on a sustained basis. In those areas where the trafficking networks are concentrated, extensive utilization of electronic surveillance and covert investigative techniques will be employed. In addition, the "buy-bust/show-bust" technique will be selectively employed in addressing the above priorities. For example, it can be used to gather probable cause for electronic surveillance, or to protect the identity of highly placed informants.

(e) A corps of language specialists/contract employees will be developed to support extensive electronic surveillance coverage of the above groups.

(f) FBI field offices most directly affected by these organizations will be required to develop operational plans with DEA to address the problem jointly.

(g) Investigations of these groups will be multijurisdictional and require close coordination by FBI Headquarters.

(h) The potential corruption and money-laundering aspects of every significant investigation must be fully explored.

(i) Statistical accomplishments alone will not be used to measure success. Quality of accomplishments will be measured in terms of investigative impact on major drug trafficking organizations.

2. IN ORDER TO ACHIEVE A SIGNIFICANT IMPACT IN THE PRIORITIES ESTABLISHED, IT IS ESSENTIAL THAT THE EXISTING DRUG INTELLIGENCE BASE BE EXPANDED AND ENHANCED. THIS EFFORT SHOULD NOT BE LIMITED TO THE DEVELOPMENT OF TRADITIONAL INFORMANTS. ALL SOURCES OF INFORMATION SHOULD BE UTILIZED.

(a) A corps of high-quality informants must be maintained and the development of additional informants is essential in order to penetrate the leadership, structure, operations, associations, and financial aspects of the major drug trafficking organizations operating in this country.

(b) In the new priority areas, informant coverage needs to be greatly enhanced. Informants should be directed to seek information concerning key, high-level figures in major organizations focusing on information to support eventual conspiracy, Continuing Criminal Enterprise (CCE), and Racketeer Influenced Corrupt Organization (RICO) prosecutions.

(c) Increased emphasis will be placed on analysis and planning relative to the major drug problems identified. Intelligence Research Specialists and Organized Crime Information System (OCIS) analysts will be tasked to develop the analytical support necessary to address the drug problem. Individual FBI field offices that will play a major role in implementing this strategy will be required to assign OCIS analysts on a full-time basis to this project who will work with the analysts stationed at Headquarters in developing a usable and effective analytical product.

(d) The drug intelligence base includes a number of automated systems, including OCIS, Narcotics and Dangerous Drugs Intelligence System (NADDIS), and Pathfinder. These systems have their own unique capabilities. They should be fully utilized to support major investigations.

(e) Selective use of racketeering enterprise investigations (REIs) is encouraged in order to establish the composition, structure, and activities of major drug groups. The finances, geographical dimensions, as well as past and future activities of these enterprises should be developed.

3. IN COORDINATION WITH DEA, ASSIST IN IDENTIFYING TRENDS AND MAKING PROJECTIONS OF ORGANIZED DRUG TRAFFICKING ACTIVITIES ON A NATIONAL BASIS.

The FBI and DEA have expanded the exchange of supervisory personnel at the Headquarters level to address, on a coordinated basis, information relating to national trends and projections concerning the above priorities. This exchange of information and perspective should be encouraged throughout the field. Every available resource should be tapped in order to continue enhancing our understanding of drug trafficking organizations.

4. INVESTIGATIVE RESOURCES DEDICATED TO DRUG MATTERS SHOULD BE CONCENTRATED IN THOSE AREAS OF THE COUNTRY IDENTIFIED AS MAJOR CENTERS FOR ORGANIZATIONS INVOLVED IN THE IMPORTATION AND DISTRIBUTION OF COCAINE AND HEROIN.

(a) As a result of field office surveys and a detailed analysis of the scope of the drug problem, it has been determined that major first-level cocaine distribution networks operate principally in three U.S. cities: Miami, Los Angeles, and New York.

(b) In a similar fashion, second-level cocaine distribution networks operate in six U.S. cities: Atlanta, Boston, Chicago, Houston, San Diego, and San Francisco.

(c) In the absence of any additional investigative resources which would enable the FBI to address a wider range of drug cases, a concentration of resources in those areas of the country identified as major drug importation and distribution centers is essential.

5. PROVIDING ASSISTANCE TO OTHER FEDERAL, STATE, AND LOCAL LAW ENFORCEMENT AGENCIES RELATIVE TO INVESTIGATIONS OF MAJOR DRUG TRAFFICKING ORGANIZATIONS OPERATING IN A LOCAL OR REGIONAL AREA OF THE COUNTRY.

(a) It is recognized that the FBI has a responsibility to respond to drug problems that are unique to a local area or region and that do not necessarily relate to a national problem. It should further be recognized, however, that the FBI's role in drug enforcement is a segregated one.

(b) If the FBI and DEA are to make a more significant impact in addressing the major national drug problems that affect all citizens throughout the country, then the utilization of available resources for this program must be prioritized. Efforts should be directed against the Colombian/South American trafficking organizations, the LCN/Sicilian Mafia, Mexican networks, and on a selective basis, national outlaw motorcycle gangs, and major Oriental organized crime groups.

(c) It will be the responsibility of each FBI field office to develop alternative methods in addressing local drug problems on a case-by-case basis. A limited assignment of Agent personnel to a working group comprised of local and state police is one option. Providing legal and technical support is another. Disseminating lead information to appropriate authorities is a third option.

(d) The sharing of forfeited property provisions of the Comprehensive Crime Control Act of 1984 is a strong incentive for state and local participation in working groups. State and local authorities should be advised of these provisions.

The FBI NDS will be implemented through shorter term operating plans. These operating plans will prioritize investigations directed against specific drug trafficking organizations. To accomplish this step, investigations will be initiated under the following categories:

LCN/Sicilian Mafia

Cases directed against LCN/Sicilian Mafia involvement in drug trafficking with emphasis on trafficking of heroin;

Colombian/South American Drug Trafficking Organizations

Cases directed against Colombian/South American organizations involved in drug trafficking with emphasis on trafficking of cocaine;

Mexican Drug Trafficking Organizations

Cases directed against Mexican groups involved in drug trafficking on a national level;

Major National Outlaw Motorcycle Gangs

Cases directed against major national outlaw motorcycle gangs involved in drug trafficking on a national level;

Major Oriental Organized Crime Groups

Cases directed against major Oriental organized crime groups involved in drug trafficking on a national level with emphasis on trafficking of heroin;

Other Major Drug Trafficking Organizations

Cases directed against other major drug trafficking organizations. These organizations must be well organized, multijurisdictional in operational scope, and of national significance and influence. The characterization of these organizations must be fully documented and corroborated.

Although no longer distinct classifications, drug financial flow investigations and allegations of official or police corruption will continue to be thoroughly pursued in relation to the particular drug trafficking organization under investigation. The development of the drug financial flow aspect and the identification of political or police corruption, which is directly facilitating drug trafficking activity, will become an integral part of all drug investigations.



76-152 O - 87 - 2

When allegations of official or police corruption arise in relation to minor drug trafficking activity not within the FBI's drug priorities, such cases should be pursued under the corruption subprogram within the Organized Crime Program or, when applicable, under the White Collar Crime Program.

DRUG AWARENESS PROGRAM

The FBI recognizes that law enforcement participation is essential in reducing the demand for controlled substances. Education and drug awareness represent potential long-term solutions to drug abuse in the United States. An element of the FBI's National Drug Strategy will include FBI participation in the National Drug Awareness Program, taking every opportunity in public appearances and forums to educate American citizens to the dangers of drug abuse. The FBI/DEA Sports Drug Awareness Program is but one example of our efforts. FBI and DEA representatives have conducted narcotics awareness seminars before professional and collegiate athletic teams in an effort to make them aware of the dangers inherent in drug usage.

The FBI has played a significant role in meeting the problem of drug trafficking in the United States. The FBI recognizes the enormous challenge posed by these major drug trafficking organizations and the noteworthy accomplishments already obtained. However, only through investigations directed at the highest level of these organizations can the FBI achieve a greater impact on this problem.

## OPENING STATEMENT OF HON. WILLIAM VON RAAB, COMMISSIONER, U.S. CUSTOMS SERVICE

Commissioner VON RAAB. As you suggested, I would like to have my formal statement entered into the record and made a part of the record as you had suggested.

Senator D'Amato, I am pleased to appear before you today and discuss the U.S. Customs Service's activities to stop the flow of illegal drugs into the United States with emphasis on what we are doing in the New York area. At the outset, let me commend you personally, Senator, for the courage and leadership you have demonstrated in the war on drugs.

You have been a faithful supporter of the law enforcement community and have been a forceful spokesman on our behalf encouraging foreign governments to cooperate in the drug war.

As a result of the foreign cooperation we are receiving from some countries, the Customs Service has been able to more effectively interdict drugs at our borders. Defining just what is an acceptable level of cooperation is a difficult task which varies from country to country. I hope my remarks today will help you in your evaluation of what various foreign governments are doing.

Last year, the Customs Service cleared over 300 million people as they crossed our borders and processed over 7 million merchandise entries. Customs seized over 52,000 pounds of cocaine, 700 pounds of heroin and 17,000 pounds of hashish. Over half of the heroin was right here in New York mainly at JFK Airport.

Most of the cocaine is seized in Miami, either by inspectors at Miami airport or by custom air and marine officers in high speed chases along the Florida Coast. Both the Miami and New York environments have significance in evaluating foreign cooperation.

With over 300 million passengers to process, our job is somewhat akin to finding a needle in a haystack. The key to this task is to target high risk passengers and cargo for more intensified examinations and paying less attention to low risk cargo and passengers. A flight direct from Lagos, Nigeria to New York City on Air Nigeria is a much higher risk than, say, a Lufthansa flight from Bonn, West Germany, or a Pan American flight from London, England.

Knowing this, heroin traffickers from source countries will try to pass themselves off as passengers from low threat countries like Great Britain.

Fortunately, there exists a good operative program between the U.S. Customs Service and her Majesty's Customs and Excise known as "Operation Nightingale." Under this program, Customs officers in both countries call their counterparts directly to report suspicious activity.

Statistics are not kept on this specific program, but it has led to numerous heroin seizures and currency law violation referrals in both nations.

In the Southern U.S., we have a heavy cocaine threat from Latin America, with the Bahamas and Mexico being key transit countries. The presence of well-known drug traffickers in the Bahamas has been well publicized and needs no elaboration from me today.

Smugglers departing from clandestine air strips in the Bahamas frequently use air drops to waiting boats to get their loads into the

United States. As the United States law enforcement response has increased, smugglers frequently noticed they were being followed by aircraft and vessels piloted by United States law enforcement and military officers, and they would turn around and head for the Bahamas to escape arrest and prosecution.

To counter this problem, Royal Bahamian defense officers are placed aboard U.S. aircraft and vessels. When the smugglers realize they have been detected and return home to the Bahamas, officers with arrst authority on Bahamian soil will be present to arrest the smugglers and seize the narcotics. This program is still in its infancy, and the commitment of the Bahamian Government to making this work is crucial to its success.

While I offer commendation of the Bahamas for the improved cooperation we have witnessed recently, I cannot say too much in priase of the Colombian Government's assistance in the war on drugs. I use the word "war" deliberately in reference to Colombia, because that is precisely the state of affairs in that nation. Threats and violence are commonplace for the courageous men and women working to rid Colombia of its serious drug menace.

I hesitate to single any particular person or organization out for praise because to do so would only serve to heighten their desirability as a target for the narco-terrorists.

In our own country, we have witnessed significant improvement in our ability to cooperate in the drug war. The President has finalized the lead agency determination defining the relative roles and responsibilities of Federal agencies in the anti-drug effort.

Long before this issue was formalized at the national level, here in New York, The Customs Service and Drug Enforcement Administration established the Joint Narcotics Smuggling Unit to combine the personnel and expertise of both agencies in anti-drug activity.

Agents from both agencies work together to conduct internal cargo conspiracy investigations at JFK Airport and in carrying out controlled deliveries initiated by seizures from arriving passengers.

Another major New York initiative has been given the name "Border Envelope Team." This initiative encompasses all the activities which the Customs Service regulates, licenses, inspects or investigates.

We have divided these into three areas: passengers, cargo movement, and interdiction of contraband. Using the same concept of distinguishing high risk targets from low risk ones which are used nationwide to process cargo and passengers, Customs officers select certain components of the "Border Envelope" for increased attention.

Air crews regularly flying to and from source countries, for example, would be a high risk target for inquiry and observation. In a recent case, we identified a pilot for Air Nigeria and found he had a package of heroin taped to his chest. As a result, we seized a 727 owned by the airline.

Seizing airplanes used for commercial purposes when they are caught transporting illegal narcotics has been an effective way of getting the attention of the business community and increasing the level of cooperation domestically and internationally. After the Customs Service demonstrated its resolve by seizing planes belong-

ing to major air carriers, interest in our air carriers initiative increased dramatically.

We started in 1986 and began work with commercial carriers apprising them of their vulnerabilities through regular meetings providing a training program on cargo, aircraft and facility security, performing security surveys and compiling threat assessments. More than 40 international carriers are involved in this training program.

Just as nations vary in terms of their level of commitment to narcotics interdiction, so to do the airlines themselves vary in terms of their involvement keeping drugs off their planes.

Senator, the men and women of the Customs Service take seriously their responsibility to protect our borders against dangerous contraband. When we have cooperation from foreign governments such as Great Britain's involvement in Operation Nightingale, the Bahamas personnel on board U.S. Aircraft to make drug arrests on Bahamiam soil, and international air carriers securing the integrity of their operation, we are better able to perform our duties.

I again commend you for your leadership on this issue and would be happy to answer any questions you may have.

I would like to make a point in recognizing the individuals that you have had before you.

New York is a nice place to visit, and it is quite a tribute to you to have before you some of the best drug enforcement officials in the United States Government.

I would make a particular point in commending Bob Stutman and Mr. Giuliani along with some of the Customs officials, as I indicated, to making New York a type of role model for the type of law enforcement that is essential if we want to win this war on drugs and not in the least it is a result of your efforts.

Because of all of the members of the Senate, I can say that none of them has been as effective and as interested as you have been in the problems, not only in New York City but of the country itself.

There has been a lot of talk as to the degree of which the U.S.A. has committed itself to the war against drugs.

Certainly there are a lot of officials running from the President down, many members of the Senate and the House, but I find it somewhat disappointing that we sort of came off a high just before the election in which important drug legislation is rolling through, and lots of speeches were being given.

I did get the impression that we were really taking off. Many of us who are dealing with the problem day to day are still working very hard, and all of the senior officials are still very interested, but for some reason the issue the war against drugs seems to have slipped off the front pages.

I hope and expect that one of the reasons for your holding these hearings is to try to get this issue back on the front pages, because it is only by bringing the American people's attention directly to the problem and the kind of details that have been set forth today we can get back some of that enthusiasm, some of that energy that I saw just before the last election.

Thank you very much.

Senator D'AMATO. Thank you, Commissioner.

[The prepared statement of William Von Raab follows:]

U.S. CUSTOMS SERVICE

STATEMENT OF WILLIAM VON RAAB

COMMISSIONER OF CUSTOMS

SENATOR D'AMATO, I AM PLEASED TO APPEAR BEFORE YOU TODAY AND DISCUSS THE U.S. CUSTOMS SERVICES ACTIVITIES TO STOP THE FLOW OF ILLEGAL DRUGS INTO THE UNITED STATES WITH EMPHASIS ON WHAT WE ARE DOING IN THE NEW YORK AREA. AT THE OUTSET, LET ME COMMEND YOU PERSONALLY, SENATOR, FOR THE COURAGE AND LEADERSHIP YOU HAVE DEMONSTRATED IN THE WAR ON DRUGS. YOU HAVE BEEN A FAITHFUL SUPPORTER OF THE LAW ENFORCEMENT COMMUNITY AND HAVE BEEN A FORCEFUL SPOKESMAN ON OUR BEHALF ENCOURAGING FOREIGN GOVERNMENTS TO COOPERATE IN THE DRUG WAR.

AS A RESULT OF THE FOREIGN COOPERATION WE ARE RECEIVING FROM SOME COUNTRIES, THE CUSTOMS SERVICE HAS BEEN ABLE TO MORE EFFECTIVELY INTERDICT DRUGS AT OUR BORDERS. DEFINING JUST WHAT IS AN ACCEPTABLE LEVEL OF COOPERATION IS A DIFFICULT TASK WHICH VARIES FROM COUNTRY TO COUNTRY. I HOPE MY REMARKS TODAY WILL HELP YOU IN YOUR EVALUATION OF WHAT VARIOUS FOREIGN GOVERNMENTS ARE DOING.

LAST YEAR, THE CUSTOMS SERVICE CLEARED OVER 300 MILLION PEOPLE AS THEY CROSSED OUR BORDERS AND PROCESSED OVER 7 MILLION MERCHANDISE ENTRIES. CUSTOMS SEIZED OVER 52,000 POUNDS OF COCAINE, 700 POUNDS OF HEROIN AND 17,000 POUNDS OF HASHISH. OVER HALF OF THE HEROIN WAS RIGHT HERE IN NEW YORK MAINLY AT JFK AIRPORT. MOST OF THE COCAINE IS SEIZED IN MIAMI, EITHER BY INSPECTORS AT MIAMI AIRPORT OR BY CUSTOMS AIR AND MARINE OFFICERS IN HIGH SPEED CHASES ALONG THE FLORIDA COAST. BOTH THE MIAMI AND

NEW YORK ENVIRONMENTS HAVE SIGNIFICANCE IN EVALUATING FOREIGN COOPERATION.

WITH OVER 300 MILLION PASSENGERS TO PROCESS, OUR JOB IS SOMEWHAT AKIN TO FINDING A NEEDLE IN A HAYSTACK. THE KEY TO THIS TASK IS TO TARGET HIGH RISK PASSENGERS AND CARGO FOR MORE INTENSIFIED EXAMINATIONS AND PAYING LESS ATTENTION TO LOW RISK CARGO AND PASSENGERS. A FLIGHT DIRECT FROM LAGOS, NIGERIA TO NEW YORK CITY ON AIR NIGERIA IS A MUCH HIGHER RISK THAN, SAY, A LUFTHANSA FLIGHT FROM BONN, WEST GERMANY OR A PAN AMERICAN FLIGHT FROM LONDON ENGLAND. KNOWING THIS, HEROIN TRAFFICKERS FROM SOURCE COUNTRIES WILL TRY TO PASS THEMSELVES OFF AS PASSENGERS FROM LOW THREAT COUNTRIES LIKE GREAT BRITIAN.

FORTUNATELY, THERE EXISTS A GOOD COOPERATIVE PROGRAM BETWEEN THE U.S. CUSTOMS SERVICE AND HER MAJESTY'S CUSTOMS AND EXCISE KNOWN AS "OPERATION NIGHTINGALE." UNDER THIS PROGRAM, CUSTOMS OFFICERS IN BOTH COUNTRIES CALL THEIR COUNTERPARTS DIRECTLY TO REPORT SUSPICIOUS ACTIVITY. STATISTICS ARE NOT KEPT ON THIS SPECIFIC PROGRAM, BUT IT HAS LED TO NUMEROUS HEROIN SEIZURES AND CURRENCY LAW VIOLATION REFERRALS IN BOTH NATIONS.

IN THE SOUTHERN U.S., WE HAVE A HEAVY COCAINE THREAT FROM LATIN AMERICA, WITH THE BAHAMAS AND MEXICO BEING KEY TRANSIT COUNTRIES. THE PRESENCE OF WELL KNOWN DRUG TRAFFICKERS IN THE BAHAMAS HAS BEEN WELL PUBLICIZED AND NEEDS NO ELABORATION FROM ME TODAY. SMUGGLERS DEPARTING FROM CLANDESTINE AIR STRIPS IN THE BAHAMAS FREQUENTLY USE AIR DROPS TO WAITING BOATS TO GET THEIR LOADS INTO THE U.S. AS THE U.S. LAW ENFORCEMENT RESPONSE HAS INCREASED, SMUGGLERS FREQUENTLY NOTICED THEY WERE BEING FOLLOWED BY AIRCRAFT AND VESSELS PILOTED BY U.S. LAW ENFORCEMENT AND MILITARY OFFICERS, AND THEY WOULD TURN AROUND AND HEAD FOR THE BAHAMAS TO ESCAPE ARREST AND PROSECUTION.

TO COUNTER THIS PROBLEM, ROYAL BAHAMIAN DEFENSE OFFICERS ARE PLACED ABOARD U.S. AIRCRAFT AND VESSELS. WHEN THE SMUGGLERS REALIZE THEY HAVE BEEN DETECTED AND RETURN HOME TO THE BAHAMAS, OFFICERS WITH ARREST AUTHORITY ON BAHAMIAN SOIL WILL BE PRESENT TO ARREST THE SMUGGLERS AND SEIZE THE NARCOTICS. THIS PROGRAM IS STILL IN ITS INFANCY, AND THE COMMITMENT OF THE BAHAMIAN GOVERNMENT TO MAKING THIS WORK IS CRUCIAL TO ITS SUCCESS.

WHILE I OFFER COMMENDATION OF THE BAHAMAS FOR THE IMPROVED COOPERATION WE HAVE WITNESSED RECENTLY, I CAN NOT SAY TOO MUCH IN PRAISE OF THE COLOMBIAN GOVERNMENT'S ASSISTANCE IN THE WAR ON DRUGS. I USE THE WORD "WAR" DELIBERATELY IN REFERENCE TO COLOMBIA, BECAUSE THAT IS PRECISELY THE STATE OF AFFAIRS IN THAT NATION. THREATS AND VIOLENCE ARE COMMONPLACE FOR THE COURAGEOUS MEN AND WOMEN WORKING TO RID COLOMBIA OF ITS SERIOUS DRUG MENACE. I HESITATE TO SINGLE ANY PARTICULAR PERSON OR ORGANIZATION OUT FOR PRAISE BECAUSE TO DO SO WOULD ONLY SERVE TO HEIGHTEN THEIR DESIRABILITY AS A TARGET FOR THE NARCO-TERRORISTS.

IN OUR OWN COUNTRY, WE HAVE WITNESSED SIGNIFICANT IMPROVEMENT IN OUR ABILITY TO COOPERATE IN THE DRUG WAR. THE PRESIDENT HAS FINALIZED THE LEAD AGENCY DETERMINATION DEFINING THE RELATIVE ROLES AND RESPONSIBILITIES OF FEDERAL AGENCIES IN THE ANTI-DRUG EFFORT. LONG BEFORE THIS ISSUE WAS FORMALIZED AT THE NATIONAL LEVEL, HERE IN NEW YORK, THE CUSTOMS SERVICE AND DRUG ENFORCEMENT ADMINISTRATION ESTABLISHED THE JOINT NARCOTICS SMUGGLING UNIT TO COMBINE THE PERSONNEL AND EXPERTISE OF BOTH AGENCIES IN ANTI-DRUG ACTIVITY. AGENTS FROM BOTH AGENCIES WORK TOGETHER TO CONDUCT INTERNAL CARGO CONSPIRACY INVESTIGATIONS AT JFK AIRPORT AND IN CARRYING OUT CONTROLLED DELIVERIES INITIATED BY SEIZURES FROM ARRIVING PASSENGERS.

ANOTHER MAJOR NEW YORK INITIATIVE HAS BEEN GIVEN THE NAME "BORDER ENVELOPE TEAM". THIS INITIATIVE ENCOMPASSES ALL THE ACTIVITIES WHICH THE CUSTOMS SERVICE REGULATES, LICENSES, INSPECTS OR INVESTIGATES. WE HAVE DIVIDED THESE INTO THREE AREAS: PASSENGERS, CARGO MOVEMENT, AND INTERDICTION OF CONTRABAND. USING THE SAME CONCEPT OF DISTINGUISHING HIGH RISK TARGETS FROM LOW RISK ONES WHICH ARE USED NATIONWIDE TO PROCESS CARGO AND PASSENGERS, CUSTOMS OFFICERS SELECT CERTAIN COMPONENTS OF THE "BORDER ENVELOPE" FOR INCREASED ATTENTION. AIR CREWS REGULARLY FLYING TO AND FROM SOURCE COUNTRIES, FOR EXAMPLE, WOULD BE A HIGH RISK TARGET FOR INQUIRY AND OBSERVATION. IN A RECENT CASE, WE IDENTIFIED A PILOT FOR AIR NIGERIA AND FOUND HE HAD A PACKAGE OF HEROIN TAPED TO HIS CHEST. AS A RESULT, WE SEIZED A 727 OWNED BY THE AIRLINE.

SEIZING AIRPLANES USED FOR COMMERCIAL PURPOSES WHEN THEY ARE CAUGHT TRANSPORTING ILLEGAL NARCOTICS HAS BEEN AN EFFECTIVE WAY OF GETTING THE ATTENTION OF THE BUSINESS COMMUNITY AND INCREASING THE LEVEL OF COOPERATION DOMESTICALLY AND INTERNATIONALLY. AFTER THE CUSTOMS SERVICE DEMONSTRATED ITS RESOLVE BY SEIZING PLANES BELONGING TO MAJOR AIR CARRIERS, INTEREST IN OUR AIR CARRIERS INITIATIVE INCREASED DRAMATICALLY.

WE STARTED IN 1986 AND BEGAN WORK WITH COMMERCIAL CARRIERS APPRISING THEM OF THEIR VULNERABILITIES THROUGH REGULAR MEETINGS PROVIDING A TRAINING PROGRAM ON CARGO, AIRCRAFT AND FACILITY SECURITY, PERFORMING SECURITY SURVEYS AND COMPILING THREAT ASSESSMENTS. MORE THAN 40 INTERNATIONAL CARRIERS ARE INVOLVED IN THIS TRAINING PROGRAM. JUST AS NATIONS VARY IN TERMS OF THEIR LEVEL OF COMMITMENT TO NARCOTICS INTERDICTION, SO TO DO THE AIRLINES THEMSELVES VARY IN TERMS OF THEIR INVOLVEMENT KEEPING DRUGS OFF THEIR PLANES.

SENATOR, THE MEN AND WOMEN OF THE CUSTOMS SERVICE TAKE SERIOUSLY THEIR RESPONSIBILITY TO PROTECT OUR BORDERS AGAINST DANGEROUS CONTRABAND. WHEN WE HAVE COOPERATION FROM FOREIGN GOVERNMENTS SUCH AS GREAT BRITIAN'S INVOLVEMENT IN OPERATION NIGHTINGALE, THE BAHAMAS PERSONNEL ON BOARD U.S. AIRCRAFT TO MAKE DRUG ARRESTS ON BAHAMIAN SOIL, AND INTERNATIONAL AIR CARRIERS SECURING THE INTEGRITY OF THEIR OPERATION, WE ARE BETTER ABLE TO PERFORM OUR DUTIES. I AGAIN COMMEND YOU FOR YOUR LEADERSHIP ON THIS ISSUE AND WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Senator D'AMATO. Secretary Wrobleski.

## OPENING STATEMENT OF HON. ANN WROBLESKI, ASSISTANT SECRETARY OF STATE, INTERNATIONAL NARCOTICS MATTERS, DEPARTMENT OF STATE

Secretary WROBLESKI. I would like to have my full testimony incorporated into the record.

I have a short time and will answer any questions on any issues that you would like to discuss. I would like to assess the international narcotics situation, and I hope you will consider this in evaluating the content of this hearing.

The Department of State welcomes this opportunity to present testimony to the Senate Caucus on International Narcotics Control. As you requested, we are providing information on the forthcoming International Conference on Drug Abuse and Illicit Trafficking, the draft convention against illicit traffic in narcotic drugs and psychotropic substances and other international drug control initiatives.

We are also providing information requested on the current status of our negotiations with Bolivia, on negotiations with other countries concerning Mutual Legal Assistance and Extradiction Treaties, and, finally, the priority state assigns to narcotics control and how we see our mission.

### ICDAIT

The International Conference on Drug Abuse and Illicit Trafficking (ICDAIT) will be held in Vienna June 17th to 26th. The Conference was proposed by Secretary General Perez de Cuellar, and endorsed by the General Assembly in December 1985.

This conference reflects the growing international awareness that the drug problem is the responsibility of all nations, and that no one nation can solve the problem. All United Nations member states, as well as many intergovernmental organizations and specialized agencies, have been invited.

The goal of the Conference is to generate universal action to combat the drug problem in all its forms at the national, regional and international levels.

The Conference will address all aspects of the drug problem, including preventive education, demand reduction, drug law enforcement, eradication of raw materials, control of production, harmonization of national legislation, support for international treaties, treatment and rehabilitation of abusers, and elaboration of a convention against illicit drug trafficking.

This is the first time a ministerial level world conference has been held specifically focused on the drug issue. Attorney General Edwin Meese will head the United States delegation. Vernon A. Walters, U.S. Representative to the United Nations, and John C. Whitehead, Deputy Secretary of State, will serve as alternate Heads of Delegation. I will be the Ranking Delegate, and the U.S. Permanent Representative to the United National Agencies in Vienna will serve as a senior advisor.

Officials from 15 U.S. Government agencies directly involved in drug control efforts will participate as members of the delegation,

which will also include members of Congress, and representatives from the private sector.

Given the key role that nongovernmental organizations (NGOs) have assumed in implementing drug awareness and prevention programs, a separate but concurrent NGO forum will be held to focus on NGO contributions to demand reduction.

The primary working document of the Conference is a comprehensive outline of future drug control activities. It targets a series of desired outcomes and lists specific actions for governments to take at the national, regional and international levels to increase the effectiveness of various types of drug control programs. After final negotiations during the Conference, the participants will adopt the outline.

A declaration of political intent is also expected to be approved by participants, which will state the commitment of governments to stand together in the fight against drug abuse and trafficking.

The United States delegation will seek several outcomes:

Obtain the declared political commitment of all governments to take effective measures to reduce illicit drug production, trafficking and abuse;

Assure that appropriate media attention increases public awareness of the international character of the problem and generates support for drug control activities;

Assure that the Conference focuses on substantive issues and does not become politicized;

Enhance support, including financial aid, for the work of the UN drug control bodies, particularly the United Nations Fund for Drug Abuse Control (UNFDAC), the International Narcotics Control Board (INCB); and the Division of Narcotic Drugs (DND);

Assure the appropriate technical expertise is shared among the participants to improve international coordination of post-Conference activities;

Illustrate to the international community the ongoing commitment of the United States to take effective action to reduce the demand for and supply of illicit drugs in the United States;

Adopt the recommendations in the Conference's comprehensive multidisciplinary outline; and

Increase involvement of nongovernmental organizations in local, national and international drug control programs.

Reflecting its leadership role in this field the United States will present a multimedia exhibit during the Conference. A series of topic-oriented displays and videotapes will be presented to explain the United States drug control effort.

A film featuring Mrs. Reagan and Mrs. Perez de Cuellar and other First Ladies will be highlighted. The latest innovations in drug prevention and education programs, drug abuse treatment and rehabilitation, smuggling interdiction techniques and satellite photography used in drug control efforts will be presented.

### THE DRUG TRAFFICKING CONVENTION

A progress report on the development of the draft convention on illicit trafficking, which we hope will be ratified in 1988, will be presented at the conference.

A first draft of the proposed convention against drug trafficking has been completed and was reviewed in detail by the United Nations Commission on Narcotic Drugs at its regular session in February. A second draft will be prepared over the next few months by experts working with the United Nations Secretariat, and this draft will be presented to the CND at its February 1988 meeting.

The new convention was proposed 3 years ago in response to growing concern over the international character of drug trafficking and the threat it imposes on governments, individuals and societies. The two existing conventions address drug trafficking only in general terms, and United Nations members believe a new convention addressed specifically to drug trafficking is warranted.

The United States is striving to assure that there is no overlap or duplication with existing conventions, and in the spirit with which the United Nations General Assembly approved the preparation of this new convention, we are working with other governments to ensure that the trafficking convention complements existing international instruments.

### TREATIES

The International Narcotics Control Strategy Report provided Congress on March 1st with a review of U.S. negotiations on mutual legal assistance and extradition treaties.

We have negotiations on extradition treaties or supplements in various stages of progress with: Australia, Austria, the Bahamas, Belgium, Canada, Costa Rica, France, West Germany, India, Israel, Jamaica, Luxembourg, Malaysia, Pakistan, the Philippines, Spain, Switzerland, Thailand, and Venezuela.

The most recent developments are: the initialing of a protocol with Spain on April 1st; the concluding of a further round with Australia, also in April; the signing of a new treaty with Belgium on April 27th; the submission of a treaty to the Jamaican Legislature in early April; the conclusion of the second round of talks with Canada on May 4th; and the scheduling of a further round with Luxembourg for September.

We continue to discuss the sensitive situation in Colombia with the Barco Administration, and are awaiting the findings of the Supreme Court concerning the validity of the existing treaty. Six traffickers were extradited in 1986, despite the extradition treaty's political unpopularity and the threat of trafficker violence. This extradition process took on a new dimension earlier this year when President Barco reaffirmed the treaty, and Colombia then arrested and extradited cocaine kingpin Carlos Lehder.

The United States has negotiations on mutual legal assistance treaties ongoing with Australia, Belgium, the United Kingdom, the Federal Republic of Germany, Haiti, Israel, Jamaica, Mexico, Panama, and Sweden. Treaties with the Bahamas, Canada, Cayman Islands, and Thailand have been concluded and are awaiting final ratification.

### BOLIVIA NEGOTIATIONS

On February 25th, we concluded a framework agreement with the Government of Bolivia, and by the end of this month, expected

to reach agreement on two annexes to implement this agreement on U.S. assistance to help implement Bolivia's 3-year coca control program.

Bolivia produces about half of the coca which becomes cocaine for the world market, and has between 32,000 and 50,000 hectares of coca under cultivation. This is far in excess of legitimate demand for coca products, estimated at 10,000 metric tons of leaf per year. But, previous governments have been unwilling to address the eradication issue.

Last summer, Operation Blast Furnace proved that a determined interdiction effort can drive down coca leaf prices, even below the cost of production, and that farmers will show interest in other economic pursuits if that price stays down.

Now, the Government of Bolivia wants to gamble that it can eradicate—without force. The scheme is to continue a Blast Furnace-type interdiction effort, for which we have provided six Huey helicopters. Prices are not yet down to Blast Furnace levels but they are below last year's high levels, and we are working with Ambassador Rowell on a series of tactical and strategic initiatives to improve interdiction.

To reduce crop production, the Government of Bolivia is preparing a program to offer farmers cash incentives to eradicate their crops voluntarily. Farmers would be paid $350 per hectare for the labor costs of eradication, and $1,650 per hectare to assist them in developing other economic pursuits. At the same time, the Bolivian legislature is considering a new law that would outlaw all coca beyond certain specific tracts identified for licit production.

The agreements call for a 1-year effort at voluntary eradication, after which the Government of Bolivia is committed to destroying all illicit cultivation, involuntarily, with no further cash payments.

The United States would not agree to fund a cash payment program directly, nor have European donors. We have agreed to provide Economic Support Funds for economic activities, and to permit ESF local currencies generated by these activities to be used for multilateral development programs, which in turn frees up Bolivian resources for funding the cash payments.

This sets a precedent in that the United States has tacitly endorsed a program which employs cash payments, a reversal of longstanding policy. Yet, in our consultations with Congress in May, we found that members reluctantly agreed that this is the only option the Government of Bolivia is willing to try.

To control this situation as much as possible, we are tranching the release of our 1987 funds to actual performance in achieving voluntary eradication. Our actual exposure would be $3 million of the $14 million in 1987 ESF funds scheduled for this program until the first levels of eradication are achieved.

We also propose to tranche release of related development assistance funds. The Government of Bolivia well understands there can be no release of funds without progress. We will remain in close consultation with the Congress as these agreements move forward.

OTHER ISSUES

In closing, I want to dispense with some old myths, and deal with some new realities. The first reality is that we are not the unique engine of production that the United States was in the 1970's and demand for drugs in other regions is so high that it can swamp our eradication efforts unless we expand on a multilateral basis. We must reduce demand here, at home, but we must do more to help reduce demand abroad, especially in the source countries.

The second reality is that we are not conducting a campaign against farmers; we are competing against a vast criminal enterprise that is immune from the kinds of sanctions and proscriptions favored by many in Congress.

The third reality is that there are still too many governments of key source nations with whom we do not have political relationships, or which do not have sufficient, effective control of their territory.

Before discussing those realities further, let me explode some myths. It is too simplistic to say that we are losing—or for that matter—winning the war on drugs. It is particularly unrewarding to make such judgments solely on the basis of production or seizure statistics; one must look behind the data to see the dynamics of the situation.

In 1981, only 2 countries supplying illicit narcotics to the United States were making any real attempt at eradication; in 1986, 20 countries eradicated illicit crops, and destroyed the equivalent of 15 tons of heroin, 10 tons of cocaine and 30,000 tons of marijuana.

The Government of Colombia is driving down marijuana production. Our containment strategy is working in such places as Panama, Belize, Honduras, Ecaudor and elsewhere to stop the spread of cultivation; there are strong and continuously improving programs in Burma, Thailand, Jamaica, Colombia, and elsewhere, and notable improvements coming on line in Mexico, Peru, the Bahamas, Pakistan and other countries.

All of these developments and program achievements are important, and the prospects for our 1987 program are truly encouraging. But, our program alone is not enough. Worldwide demand for drugs is escalating.

Pakistan, with a tenth of our population, has as many heroin addicts, and the spread of opium and heroin addiction throughout Southwest Asia is such that our experts believe all of the recent increases in production are being consumed in the region.

As I contemplate our situation, of all of the aspects of the anti-narcotics campaign that impress me, none is more profound than the reality that we are indeed in a contest of wills or war with the traffickers, a contest which is fraught with national security as well as economic, social and political implications. Colombia is a case in point.

The term—war on drugs—has been used so often it has lost its meaning. But, in Colombia, perhaps unlike any other nation, it is war by any definition. People die because they dare to uphold basic laws and defend essential freedoms.

The Narcotrafficantes, and especially the Medellin cartel of which Carlos Lehder was a principal, engage ruthlessly in message-

sending revenge. The assassinations of Supreme Court Justices, ministers, prominent journalists, police commanders, and others are part of a sinister campaign of fear—intended to drive public servants away from the edge of decision.

I think too often we sit in judgment on other governments, without considering fully the risks associated with our expectations. With few exceptions, we come to work each day, do our job, and have every expectation of rejoining our families in the evening, threatened by nothing more sinister than Washington's rush hour traffic.

It is not mere coincidence that in Colombia, the country where the government has done the most of any nation in South America to control narcotics trafficking, that men and women risk their lives just by attempting to do their jobs. The campaign of terror to mold public opinion has reached a stage where editors and journalists no longer use bylines, but instead use the general close, "Investigative Unit of the Colombian Press."

The Government of Colombia is winning the battle for public opinion—and much of the hopes and prospects you and I have for reduction in the availability of cocaine and marijuana rest on the outcome of that battle. It's being won by men and women who are willing to stand in harm's way to achieve our mutual objectives.

I think sometimes, Mr. Chairman, we forget how high that price is, when we ask others to pay it. We shouldn't.

Moreover, I urge the Congress to consider the nature of the narcotics enterprise. You seek to legislate solutions. But all legislation is in fact a civilized appeal to reason—that falls on the deaf ears of unreasonable people who traffic in drugs.

We are dealing with a criminal enterprise. The Committee emphasizes extradition treaties, an important tool, as the Lehder case vividly illustrates. But, the task is not to make our laws work in another country, through extradition, but to help them make their laws work.

Moreover, as regards production, the cultivation and harvesting of illicit narcotics is not, in even a remote context, comparable to our efforts to regulate sugar production and imports, or grains or any other regulated commodity. We can't set quotas as such, or dictate annual reductions, percentages or the like.

There are those in Congress who share your opinion, Mr. Chairman, that we should impose economic and other sanctions against source countries. I think we have to weigh the impact of those sanctions, positive and negative, against the cooperation we do get on narcotics control This is the basic decision we had to reach on this year's certifications, several of which you criticized.

Will we get more cooperation in Bolivia by shutting off assistance to farmers? It won't hurt the traffickers, who don't participate in the development programs that would be stopped. Will we get more cooperation from Panama by shutting off aid or voting against multilateral development bank loans than we are already getting, and it is abundant, on ship boarding, on investigations of money laundering, on virtually total eradication of marijuana cultivation, on suppression of cocaine laboratories?

If this premise works—that governments will be even more cooperative if put under sanctions until they achieve specific progress

in designated activities—then perhaps we should apply this principle at home.

Will we enhance demand reduction in New York State if we shut off all Federal aid to education and other domestic programs until New York City eliminates all of the head shops and other public displays of drugs for sale?

Similarly, under Section 2013 of the Anti-Drug Abuse Act, Congress requires the Administration to name all senior foreign officials who are believed to be engaged in or who facilitate narcotics trafficking. New stories from various cities reveal that a number of senior level officials at various levels of government in our country have been implicated in narcotics trafficking or other crimes.

Should we shut off all Federal assistance, on which these cities are dependent, until the current allegations against their officials are resolved?

I am sure you would say no, but that is in effect what Congress would have my Department do under Section 2013 of P.L. 99-570. When you think of that law in this regard, I am sure you realize why the Administration, in its recent report, stipulated it could only report on foreign officials at senior levels in the twenty-four major countries who had actually been indicted.

In the long run, the reality of international narcotics control is that there is no alternative to outright bans on cultivation, enforced by eradication, with sufficient interdiction and enforcement capability to seize contraband and financial assets and to arrest and prosecute major traffickers.

This is an incredibly complex, arduous and even hazardous undertaking. We have to convince the traffickers that we intend to stay the course, that we have the political resolve to engage the governments of these source countries in a permanent campaign. We're better at this effort than we were in 1981, or even 1985, and we're getting better all the time.

Let me commend you for your efforts. You have almost singlehandedly in the Senate kept the issues of narcotics control before the American people.

I agree with Mr. Von Raab that there are agreements among those of us who have engaged in this, that we have lost some of the momentum in the last 10 months. Thank you.

Senator D'AMATO. Let me thank you for your presentation. I commend you for it, notwithstanding that we may have some differences of opinion on various part of our overall strategy.

You are right. It is complex. It is not always so easy and there are those areas that are outside of our control. Do you believe that the Government of Mexico is doing all that it can or should be doing to help stem the production and distribution of illegal drugs that find their way into the USA?

Secretary WROBLESKI. I believe that every government on this earth could do more. My view of the Mexican situation is that we in Washington and the Mexican Government became very complacent in the Mexican program probably in the mid-eighties. We hailed it as the best on earth.

As we all shifted our attention, diplomats and enforcement people, further south to look at the cocaine question, we did not pay enough attention to Mexico. Things changed in Mexico and we

found ourselves with a program that just flat out didn't work and I have testified to that effect before.

I would say that it came apart over a period of years and it will take us a period of years to put it back together.

It is my view along with the Attorney General who is dedicated to the issue as to the increasing amount of Mexican budget being spent on the issue and clearly there is more to be done.

Senator D'AMATO. Are you familiar with the recent accusations made by drug enforcement agencies as relates to bribery in the Mexican drug case and in an article in the Los Angeles Times, and this is not a national case, but it concerns the judicial bribery there.

There are allegations made with respect to the Camarena case.

Secretary WROBLESKI. Yes, I have read the affidavit.

Senator D'AMATO. Have you expressed your concern to any of the officials such as the Mexican Ambassador? They are very upset with me and I don't care if they are upset with me. They have not even begun to see me.

I will start to operate on them if you think that tearing up the international narcotics report is anything but have you spoken to them with respect to that affidavit?

Secretary WROBLESKI. We heard from them almost simultaneously with the public issue with the first story in the San Diego Union and not the L.A. Times. We have gone in at fairly high levels to explain to the Mexican Government exactly what the affidavit said. I think that we made the affidavit itself available and have explained to them that it was a civil proceeding and not a criminal proceeding.

It was an affidavit related to a much larger case. We explained to them that this is the evidence that we have. They have told us in response and thanked us for making the evidence available, and I think that the mater is under investigation in Mexico City.

I think that the Mexicans clearly realize that this is sworn testimony and a sworn affidavit out of the San Diego Grand Jury and it will not go away.

Senator D'AMATO. I will leave you with this and I will submit some questions which I will ask you to respond in writing.

I will make an observation. I don't blame the Mexican Government for some of the failures that have taken place and for not really believing that the United States is sufficiently committed to the course of drug control for lack of a better word, that we mean this as a priority and we mean what we said.

..Why should they believe this? It is very much like the Japanese as it relates to our trade imbalance or their infringement on our property rights and outright thievery of certain things when all they have to do is promise to do better, and for 20 years we accepted their promise and they were somewhat shocked when we take any action and impose some sanctions.

I think that the Mexicans got so brazen that some of their people were lead to believe that they could do whatever they want and even if it meant getting rid of one of our agents.

I do blame us though. This administration was responsible for, at some point, not waking up and saying we are very committed and

very serious to a policy of attempting to control the drug trafficking that comes over the borders.

You have to do something and make it a priority, because if you don't, then it will seriously jeopardize our normal relationships.

Now, in the total community of what is important, nuclear weapons and arms control is important, political stability of Governments is important, and where does the control of drug trafficking fit into this scheme?

That suggests that is a question that is not so easily answered, but I believe that it is well up there in the areas of concern that should be expressed, but have not.

If a nation could cop out on the basis that we will lose control and a have revolution here, that is a pretty shaky relationship to have with a government in any event.

When the chips are down and they will not stand up they will not be there when something important happens. I have a duty to keep challenging and if need be even to dramatize and I can be accused of demagoguing at times. I don't believe that we have placed that kind of emphasis where it should be.

Secretary WROBLESKI. I have heard the Attorney General of the U.S.——

Senator D'AMATO. I heard him 3 years ago when he told me 3 years ago that we were winning the drug war. That shows you where he is.

Secretary WROBLESKI. I have heard Secretary Shultz with all of his vigor explain to the Mexican Foreign Minister that narcotics is a foreign policy issue and not just a drug enforcement issue which affects our relationship.

I have seen the President of the United States emphasize narcotic controls to the President of Mexico.

I guess what I am telling you is that this administration has spoken out on the issue of drugs. I don't deny that there are other issues; debt, trade, immigration, but narcotics is the issue that is the most irritating between us.

Narcotics in my view is one of the issues that it would be easiest for us to cooperate on with respect to the Mexicans. I think that we are receiving fairly good cooperation.

I would hope that things would improve and we have higher arrest statistics and better verification statistics and the first time that we have an honest evaluation program going on.

These are also things but things that we have to do in order to put the program back together. It is very useful in your position and Congressman Gilman who is going down to the meeting down in Mexico.

I would urge you to keep telling the American people that this will not go away.

Senator D'AMATO. What is your sense of the status as it relates to the drug interdiction efforts or anti-drug efforts as it relates to Mexico and with respect to Colombia in particular?

Commissioner VON RAAB. Speaking purely as the head of the Customs Service, one man among approximately 16,000 men and women standing on the border of the United States what does it look like. In the Southeastern U.S.A. we see somewhat less mari-

juana coming in because of better efforts by Colombia and the result of intensified efforts by the Coast Guard.

Cocaine is pouring in and that is because of the increased deportation from Colombia. We have received better cooperation from some of the carriers either shopping or flying out of Colombia because we have gotten very tough with them and Congress supported by the President has raised the penalities for smuggling into the United States—it is $1,000 an ounce.

We see better cooperation there. Between Customs and Colombia it is not there and we give them some training and they come to the United States to receive more training.

As far as Mexico is concerned it is well known that the amount of drugs coming out of Mexico has gone up enormously in the past 5 years. They are a major source of heroin and now a major transshipment point for cocaine coming out.

Speaking for the men and women working in Customs and also for the law enforcement officials along the border, namely the sheriffs and police officers responsible for the jurisdiction along the border I have not heard a good word by any of these individuals with respect to cooperation that was brought about or encouraged by the Mexican Government.

There are occasional indications of cooperation but typically what you are involved with is the law enforcement trading back and forth where someone provides information on a stolen car and in turn information is given with respect to a bank robbery.

Some of that is going on with Mexico. There are no Custom officers who have brought to my attention any noticeable or tangible cooperation between the law enforcement officials at a working level in Mexico and Customs officials.

As far as the Bahamas is concerned under Minister Roker a tremendous effort has been made with respect to the kind of cooperation they would like to see between the United States and Mexico.

The U.S. Custom Service has balloons working and in some cases we have Bahamian officials on our planes and if there is a law enforcement effort in the Bahamas we take them in and in some cases we are allowed to use some of the Islands as a base to follow boats coming into the United States.

That's the sort of cooperation that we would like to see with Mexico. One of the biggest problems is the use of the border as a safe haven where the Mexican side of the border is a safe haven. Cocaine is flown up to a hundred miles over the border and that is what we call a grasshopper flight and then another plane picks it up and flies off.

As far as Jamaica is concerned there is a lot of cross-training between Jamaica and the United States. I think that the Jamaican Government wants to help and they have been nailed with some very heavy fines by the U.S. Customs and some people that we put on some of their airlines so that they will be going out of practice.

We hit them diplomatically and economically where they have no choice but to clean up their act.

Cuba is an old story and they are quite happy to allow their waters and air space to be a safe place to cross, or safe place to spend the night for smugglers. As far as Canada is concerned, we have always had superfluous relations. I am afraid that we are

sending more drugs north than they are sending north because of the nature of the business.

As far as some of the European countries are concerned, a large part of this morning was the testimony to the extremely good cooperation between Italy and the United States.

I have been happy to have been on a number of delegations going to Italy and met with Mr. Chifaro and the other European countries; Great Britian and France are all very cooperative.

We have some problems with the permissive societies such as the Netherlands. The nature of the laws there invite some low-level drug traffickers going in there.

That's a brief survey as to how it looks to a Customs officer look at JFK or Miami or the Southwest border.

Senator D'AMATO. I am sure that you are familiar with the written testimony as it relates to not only trafficking of drugs but also that the drug traffickers bring hit teams into the United States from Colombia and often use Bimini as a point of departure into the United States; are you aware of that?

Commissioner VON RAAB. Bimini is a notorious smugglers' haven and you also have to include terrorists.

Senator D'AMATO. What is your experience in attempting to deal with that problem with both the hit teams dispatched and also with respect to the drugs?

Commissioner VON RAAB. The Coast Guard has been operating very closely with the Bahamian Task Force and the Customs Office has opened an office at Gunn Key and we have men and women there working with fast boats, communication devices. We have noticeably cut down a lot of the activity around that area.

I cannot give you any specifics over the likelihood of the terrorists having come out of there over the recent past but I think that the U.S. Government's presence will dampen that and I hope it will make Bimini similar to Norman's Key which is a smuggling haven of the past rather than of the present.

Senator D'AMATO. Before we close this hearing do you have anything further that you would like to add?

Secretary WROBLESKI. There is just one point that I would like to stress because I think that the line of witnesses today, particularly the Italian witness, as well as the last panel on the Colombian cartel, and that is this issue of an international criminal enterprise.

We are not dealing with the United States and the Government of Colombia, or the United States and the Government of Bolivia but what frustrates us and them and probably everybody in this room is that between us there is this large criminal network.

It is too simple to say that we will take out the farmers because if that is the one point that I can leave you with today that every one witness has spoken to, that is it.

Senator D'AMATO. I would like to specifically leave with the Commissioner a question and I will ask you to respond in writing.

Commissioner Ward brought up a question of boats and planes that we had provided for the aircraft, the helicopters, the module, et cetera.

I wonder if you would respond to me in writing as it relates to what is on hand, what is in place, how many men and where they

will be operating, et cetera, so that I can make the proper response in writing to the Commissioner.

If you can get me that information as to when and where it is because I have a feeling that he is not aware of the resources that have been placed in the area and I would like to see to it that he and the Mayor both get that information.

Commissioner VON RAAB. We will be happy to do that. You are right, there are resources here that were not here before, both on the sea and in the air, which are substantial.

We have been working with the NYPD where our men have been on the boats, et cetera. I will get you the specific details.

Senator D'AMATO. I apologize to the both of you for keeping you so long and not being able to go into the matters that we would like to go into.

I am very appreciative that you took your time to be here and waited so long.

[The prepared statement of Ann Wrobleski follows:]

TESTIMONY
ASSISTANT SECRETARY ANN B. WROBLESKI
BUREAU OF INTERNATIONAL NARCOTICS MATTERS
DEPARTMENT OF STATE
to
SENATE CAUCUS ON INTERNATIONAL NARCOTICS CONTROL
New York City
June 8, 1987

MR. CHAIRMAN:

The Department of State welcomes this opportunity to present testimony to the Senate Caucus on International Narcotics Control. As you requested, we are providing information on the forthcoming International Conference on Drug Abuse and Illicit Trafficking, the draft convention against illicit traffic in Narcotic Drugs and Psychotropic Substances and other international drug control initiatives. We are also providing information requested on the current status of our negotiations with Bolivia, on negotiations with other countries concerning Mutual Legal Assistance and Extradition Treaties, and, finally, the priority State assigns to narcotics control and how we see our mission.

ICDAIT

The International Conference on Drug Abuse and Illicit Trafficking (ICDAIT) will be held in Vienna June 17-26. The Conference was proposed by Secretary General Perez de Cuellar, and endorsed by the General Assembly in December 1985. This conference reflects the growing international awareness that the drug problem is the responsibility of all nations, and that no one nation can solve the problem. All United Nations member states, as well as many intergovernmental organizations and specialized agencies, have been invited.

The goal of the Conference is to generate universal action to combat the drug problem in all its forms at the national, regional and international levels. The Conference will address all aspects of the drug problem, including preventive education, demand reduction, drug law enforcement, eradication of raw materials, control of production, harmonization of national legislation, support for international treaties, treatment and rehabilitation of abusers, and elaboration of a convention against illicit drug trafficking.

This is the first time a ministerial level world conference has been held specifically focused on the drug issue. Attorney General Edwin Meese will head the United States delegation. Vernon A. Walters, U.S. Representative to the United Nations, and John C. Whitehead, Deputy Secretary of State, will serve as alternate Heads of Delegation. I will be the Ranking Delegate, and the U.S. Permanent Representative to the United Nations Agencies in Vienna will serve as a senior advisor. Officials from 15 U.S. Government agencies directly involved in drug control efforts will participate as Members of the delegation, which will also include members of Congress, and representatives from the private sector.

Given the key role that nongovernmental organizations (NGOs) have assumed in implementing drug awareness and prevention programs, a separate but concurrent NGO forum will be held to focus on NGO contributions to demand reduction.

The primary working document of the Conference is a comprehensive outline of future drug control activities. It targets a series of desired outcomes and lists specific actions for governments to take at the national, regional and international levels to increase the effectiveness of various types of drug control programs. After final negotiations during the Conference, the participants will adopt the outline.

A declaration of political intent is also expected to be approved by participants, which will state the commitment of governments to stand together in the fight against drug abuse and trafficking.

The United States delegation will seek several outcomes:

-- obtain the declared political commitment of all governments to take effective measures to reduce illicit drug production, trafficking and abuse;

-- assure that appropriate media attention increases public awareness of the international character of the problem and generates support for drug control activities;

-- assure that the Conference focuses on substantive issues and does not become politicized;

-- enhance support, including financial aid, for the work of the UN drug control bodies, particularly the United Nations Fund for Drug Abuse Control (UNFDAC), the International Narcotics Control Board (INCB); and the Division of Narcotic Drugs (DND);

-- assure appropriate technical expertise is shared among the participants to improve international coordination of post-Conference activities;

-- illustrate to the international community the ongoing commitment of the United States to take effective action to reduce the demand for and supply of illicit drugs in the United States;

-- adopt the recommendations in the Conference's comprehensive multidisciplinary outline; and

-- increase involvement of nongovernmental organizations in local, national and international drug control programs.

Reflecting its leadership role in this field, the United States will present a multimedia exhibit during the Conference. A series of topic-oriented displays and videotapes will be presented to explain the United States drug control effort. A film featuring Mrs. Reagan and Mrs. Pere de Cuellar and other First Ladies will be highlighted. The latest innovations in drug prevention and education programs, drug abuse treatment and rehabilitation, smuggling interdiction techniques and satellite photography used in drug control efforts will also be presented.

The Drug Trafficking Convention

A progress report on the development of the draft convention on illicit trafficking, which we hope will be ratified in 1988, will be presented at the conference.

A first draft of the proposed convention against drug trafficking has been completed and was reviewed in detail by the United Nations Commission on Narcotic Drugs at its regular session in February. A second draft will be prepared over the next few months by experts working with the United Nations secretariat, and this draft will be presented to the CND at its February 1988 meeting.

The new convention was proposed three years ago in response to growing concern over the international character of drug trafficking and the threat it imposes on governments, individuals and societies. The two existing conventions address drug trafficking only in general terms, and United Nations members believe a new convention addressed specifically to drug trafficking is warranted.

The United States is striving to assure that there is no overlap or duplication with existing conventions, and in the spirit with which the United Nations General Assembly approved the preparation of this new convention, we are working with other governments to ensure that the trafficking convention complements existing international instruments.

Treaties

The International Narcotics Control Stategy Report provided Congress on March 1 with a review of U.S. negotiations on mutual legal assistance and extradition treaties.

We have negotiations on extradition treaties or supplements in various stages of progress with: Australia, Austria, the Bahamas, Belgium, Canada, Costa Rica, France, West Germany, India, Israel, Jamaica, Luxembourg, Malaysia, Pakistan, the Philippines, Spain, Switzerland, Thailand and Venezuela.

The most recent developments are: the initialing of a protocol with Spain on April 1; the concluding of a further round with Australia, also in April; the signing of a new treaty with Belgium on April 27; the submission of a treaty to the Jamaican legislature in early April; the conclusion of the second round of talks with Canada on May 4; and the scheduling of a further round with Luxembourg for September.

We continue to discuss the sensitive situation in Colombia with the Barco Administration, and are awaiting the findings of the Supreme Court concerning the validity of the existing treaty. Six traffickers were extradited in 1986, despite the extradition treaty's political unpopularity and the threat of trafficker violence. The extradition process took on a new dimension earlier this year when President Barco reaffirmed the treaty, and Colombia then arrested and extradited cocaine kingpin Carlos Lehder.

The United States has negotiations on mutual legal assistance treaties ongoing with Australia, Beligum, the United Kingdom, the Federal Republic of Germany, Haiti, Israel, Jamaica, Mexico, Panama, and Sweden. Treaties with the Bahamas, Canada, Cayman Islands, and Thailand have been concluded and are awaiting final ratification.

Bolivia Negotiations

On February 25, we concluded a framework agreement with the Government of Bolivia, and by the end of this month, expect to reach agreement on two annexes to implement this agreement

on U.S. assistance to help implement Bolivia's three-year coca control program.

Bolivia produces about half of the coca which becomes cocaine for the world market, and has between 32,000 and 50,000 hectares of coca under cultivation. This is far in excess of legitimate demand for coca products, estimated at 10,000 metric tons of leaf per year. But, previous governments have been unwilling to address the eradication issue.

Last summer, Operation Blast Furnace proved that a determined interdiction effort can drive down coca leaf prices, even below the cost of production, and that farmers will show interest in other economic pursuits if that price stays down.

Now, the Government of Bolivia wants to gamble that it can eradicate -- without force. The scheme is to continue a Blast Furnace-type interdiction effort, for which we have provided six Huey helicopters. Prices are not yet down to Blast Furnace levels but they are below last year's high levels, and we are working with Ambassador Rowell on a series of tactical and strategic initiatives to improve interdiction.

To reduce crop production, the Government of Bolivia is preparing a program to offer farmers cash incentives to eradicate their crops voluntarily. Farmers would be paid $350 per hectare for the labor costs of eradication, and $1,650 per hectare to assist them in developing other economic pursuits. At the same time, the Bolivian legislature is considering a new law that would outlaw all coca beyond certain specific tracts identified for licit production. The agreements call for a one year effort at voluntary eradication, after which the Government of Bolivia is committed to destroying all illicit cultivation, involuntarily, with no further cash payments.

The United States would not agree to fund a cash payment program directly, nor have European donors. We have agreed to provide Economic Support Funds for economic activities, and to permit ESF local currencies generated by these activities to be used for multilateral development programs, which in turn frees up Bolivian resources for funding the cash payments.

This sets a precedent in that the United States has tacitly endorsed a program which employs cash payments, a reversal of long-standing policy. Yet, in our consultations with Congress in May, we found that Members reluctantly agreed that this is the only option the Government of Bolivia is willing to try. To control this situation as much as possible, we are tranching the release of our 1987 funds to actual performance in achieving voluntary eradication. Our actual

exposure would be $3 million of the $14 million in 1987 ESF funds scheduled for this program until the first levels of eradication are achieved. We also propose to tranche release of related development assistance funds. The Government of Bolivia well understands there can be no release of funds without progress. We will remain in close consultation with the Congress as these agreements move forward.

Other Issues

In closing, I want to dispense with some old myths, and deal with some new realities. The first reality is that we are not the unique engine of production that the United States was in the 1970s, and demand for drugs in other regions is so high that it can swamp our eradication efforts unless we expand on a multilateral basis. We must reduce demand here, at home, but we must do more to help reduce demand abroad, especially in the source countries. The second reality is that we are not conducting a campaign against farmers; we are competing against a vast criminal enterprise that is immune from the kinds of sanctions and proscriptions favored by many in Congress. The third reality is that there are still too many governments of key source nations with whom we do not have political relationships, or which do not have sufficient, effective control of their territory.

Before discussing those realities further, let me explode some myths. It is too simplistic to say that we are losing -- or for that matter -- winning the war on drugs. It is particularly unrewarding to make such judgments solely on the basis of production or seizure statistics; one must look behind the data to see the dynamics of the situation.

In 1981, only two countries supplying illicit narcotics to the United States were making any real attempt at eradication; in 1986, twenty countries eradicated illicit crops, and destroyed the equivalent of 15 tons of heroin, 10 tons of cocaine and 30,000 tons of marijuana. The Government of Colombia is driving down marijuana production; our containment strategy is working in such places as Panama, Belize, Honduras, Ecuador and elsewhere to stop the spread of cultivation; there are strong and continuously improving programs in Burma, Thailand, Jamaica, Colombia, and elsewhere, and notable improvements coming on line in Mexico, Peru, the Bahamas, Pakistan and other countries.

All of these developments and program achievements are important, and the prospects for our 1987 program are truly encouraging. But, our program alone is not enough. Worldwide demand for drugs is escalating. Pakistan, with a tenth of our

population, has as many heroin addicts, and the spread of opium and heroin addiction throughout Southwest Asia is such that our experts believe all of the recent increases in production are being consumed in the region.

As I contemplate our situation, of all of the aspects of the anti-narcotics campaign that impress me, none is more profound than the reality that we are indeed in a contest of wills or war with the traffickers, a contest which is fraught with national security as well as economic, social and political implications. Colombia is a case in point.

The term -- war on drugs -- has been used so often it has lost its meaning. But, in Colombia, perhaps unlike any other nation, it is war by any definition. People die because they dare to uphold basic laws and defend essential freedoms.

The narcotrafficantes, and especially the Medellin cartel of which Carlos Lehder was a principal, engage ruthlessly in message sending revenge. The assassinations of Supreme Court Justices, ministers, prominent journalists, police commanders, and others are part of a sinister campaign of fear -- intended to drive public servants away from the edge of decision.

I think too often we sit in judgment on other governments, without considering fully the risks associated with our expectations. With few exceptions, we come to work each day, do our job, and have every expectation of rejoining our families in the evening, threatened by nothing more sinister than Washington's rush hour traffic.

It is not mere coincidence that in Colombia, the country where the government has done the most of any nation in South America to control narcotics trafficking, that men and women risk their lives just by attempting to do their jobs. The campaign of terror to mold public opinion has reached a stage where editors and journalists no longer use by-lines, but instead use the general close, "Investigative Unit of the Colombian Press."

The Government of Colombia is winning the battle for public opinion -- and much of the hopes and prospects you and I have for reductions in the availability of cocaine and marijuana rest on the outcome of that battle. It's being won by men and women who are willing to stand in harm's way to achieve our mutual objectives. I think sometimes, Mr. Chairman, we forget how that price is, when we ask others to pay it. We shouldn't.

Moreover, I urge the Congress to consider the nature of the narcotics enterprise. You seek to legislate solutions. But all legislation is in fact a civilized appeal to reason -- that falls on the deaf ears of unreasonable people who traffic in drugs. We are dealing with a criminal enterprise. The Committee emphasizes extradition treaties, an important tool, as the Lehder case vividly illustrates. But, the task is not to make our laws work in another country, through extradition, but to help them make their laws work.

Moreover, as regards production, the cultivation and harvesting of illicit narcotics is not, in even a remote context, comparable to our efforts to regulate sugar production and imports, or grains or any other regulated commodity. We can't set quotas as such, or dictate annual reductions, percentages or the like.

There are those in Congress who share your opinion, Mr. Chairman, that we should impose economic and other sanctions against source countries. I think we have to weigh the impact of those sanctions, positive and negative, against the lqoperation we do get on narcotics control. This is the basic decision we had to reach on this year's certifications, several of which you criticized.

Will we get more cooperation in Bolivia by shutting off assistance to farmers? It won't hurt the traffickers, who don't participate in the development programs that would be stopped. Will we get more cooperation from Panama by shutting off aid or voting against multilateral development bank loans than we are already getting, and it is abundant, on ship boarding, on investigations of money laundering, on virtually total eradication of marijuana cultivation, on suppression of cocaine laboratories?

If this premise works -- that governments will be even more cooperative if put under sanctions until they achieve specific progress in designated activities -- then perhaps we should apply this principle at home. Will we enhance demand reduction in New York State if we shut off all Federal aid to education and other domestic programs until New York City eliminates all of the head shops and other public displays of drugs for sale?

Similarly, under Section 2013 of the Anti-Drug Abuse Act, Congress requires the Administration to name all senior foreign officials who are believed to be engaged in or who facilitate narcotics trafficking. News stories from various cities reveal that a number of senior level officials at various levels of government in our country have been implicated in narcotics

trafficking or other crimes. Should we shut off all Federal assistance, on which these cities are dependent, until the current allegations against their officials are resolved? I am sure you would say no, but that is in effect what Congress would have my Department do under Section 2013 of P.L. 99-570. When you think of that law in this regard, I am sure you realize why the Administration, in its recent report, stipulated it could only report on foreign officials at senior levels in the 24 major countries who had actually been indicted.

In the long run, the reality of international narcotics control is that there is no alternative to outright bans on cultivation, enforced by eradication, with sufficient interdiction and enforcement capability to seize contraband and financial assets and to arrest and prosecute major traffickers. This is an incredibly complex, arduous and even hazardous undertaking. We have to convince the traffickers that we intend to stay the course, that we have the political resolve to engage the governments of these source countries in a permanent campaign. We're better at this effort than we were in 1981, or even 1985, and we're getting better all the time.

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Senator D'AMATO. This committee now stands in recess.

[The Caucus recessed, to reconvene subject to the call of the Chair.]

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